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24 February 1986

LATIN AMERICA REPORT

CONTENTS

INTER-AMERICAN AFFAIRS

| | |
|---|---|
| Peru, Mexico Bilateral Trade Commission Formed (EL COMERCIO, 27 Dec 85) | 1 |
| Guyana Trade Will Be Focus of Caricom Meeting (CANA, 29 Jan 86) | 3 |
| Caribbean Churchmen Push Human Rights Proviso for Caricom (CANA, 2 Feb 86) | 4 |
| Cuba, Peru Cooperate in Fishing Experiment (EL COMERCIO, 24 Dec 85) | 6 |
| Briefs | |
| Cartagena Group Backs 10 Percent Plan | 8 |
| Colombian Ambassador to Chile | 8 |

ARGENTINA

| | |
|---|----|
| UCR Candidates, Strategies for 1987 (SOMOS, 27 Nov 85) | 9 |
| Grosso Discusses Recent Elections, Peronist Crisis (Carlos Grosso Interview; SOMOS, 20 Nov 85) | 11 |
| Guido di Tella on Divisions in Peronism (Guido di Tella Interview; ERCILLA, 21 Aug 85) | 14 |

BRAZIL

| | |
|---|----|
| Military Ministers Urge Reflection During Current Period (O ESTADO DE SAO PAULO, 27 Nov 85) | 18 |
| Drought in Sao Paulo May Result in Crop Loss Up to 30 Percent (O ESTADO DE SAO PAULO, 27 Nov 85) | 23 |

| | | |
|--|-------|----|
| Briefs | | |
| Orange Juice Exports | | 26 |
| Future of New Parties | | 26 |
| CHILE | | |
| Background on Finance Minister Buchi | | |
| (Ximena Torres Cautivo; EL MERCURIO, 24 Nov 85) | ..... | 27 |
| COLOMBIA | | |
| Liberal Candidate Virgilio Barco Presents Political Platform | | |
| (EL TIEMPO, various dates) | ..... | 34 |
| Disadvantages Seen to 2-Year Mayoral Term | | |
| (Enrique Penalosa Londono; EL ESPECTADOR, 29 Dec 85) | ..... | 64 |
| Liberal, Conservative Candidates Deliver New Year's Messages | | |
| (EL ESPECTADOR, 27 Dec 85) | ..... | 66 |
| New Liberalism: No Alliances With National Groups | | |
| (Dario Hoyos Hoyos; EL SIGLO, 27 Dec 85) | ..... | 68 |
| Chamber Head Urges Balance Among Government Branches | | |
| (Jesus Medina S.; EL TIEMPO, 17 Dec 85) | ..... | 69 |
| Financial System Backup Fund Approved by Congress | | |
| (Carlos Pineros; EL TIEMPO, 17 Dec 85) | ..... | 71 |
| 300 Million Pesos To Be Spent on Papal Visit | | |
| (EL SIGLO, 27 Dec 85) | ..... | 73 |
| Disasters Engender 12 Economic Emergency Decrees | | |
| (EL ESPECTADOR, 28 Dec 85) | ..... | 75 |
| Twelve Million Bags of Coffee in Storage | | |
| (EL TIEMPO, 26 Dec 85) | ..... | 81 |
| Briefs | | |
| Italian Aid Equips Technological Center | | 83 |
| VIII Brigade Command Changes | | 83 |
| New Executive Director of CAR Named | | 84 |
| Quindio Police Department Commander | | 84 |
| GRENADA | | |
| Alexis Denies Charges of Human Rights Abuses | | |
| (CANA, 31 Jan 86) | ..... | 85 |
| 1985 Economy Marginally Surpasses Projected Growth | | |
| (CANA, 1 Feb 85) | ..... | 87 |

Briefs

| | |
|-------------------------------|----|
| Israeli Agricultural Advisers | 89 |
| New Chief Justice | 89 |

GUATEMALA

| | |
|--|----|
| Proposed Constitution Guarantees Rights (PRENSA LIBRE, 18 Dec 85) | 90 |
| Electoral Law To Ensure Future of Political Parties (PRENSA LIBRE, 18 Dec 85) | 92 |
| UCN To Monitor Progress of Cerezo's Government (PRENSA LIBRE, 18 Dec 85) | 95 |
| Cerezo on Direct Taxes, Belize, Security Forces (PRENSA LIBRE, 10 Dec 85) | 96 |
| Mejia Government Refuses Recognition of Belize (PRENSA LIBRE, 11 Dec 85) | 97 |
| Chixoy Power Plant Difficulties Hinder Service (PRENSA LIBRE, various dates) | 98 |
| Debt Prevents Full Operation | 98 |
| Government 'Hiding' Damage | 98 |

Briefs

| | |
|-------------------------|-----|
| Export Bank Inaugurated | 100 |
|-------------------------|-----|

NICARAGUA

| | |
|--|-----|
| Party Positions in 1985 Assembly Described (BARRICADA, 19 Dec 85) | 101 |
| Government Issues New Banking Regulations (LA PRENSA, 13 Dec 85) | 105 |
| Pope's Letter to Archbishop Published (LA PRENSA, 10 Dec 85) | 108 |
| Peasants Pressure for Land in Matagalpa (BARRICADA, 12 Dec 85) | 112 |
| Reorganization of Eastern Market Completed (BARRICADA, 14 Dec 85) | 114 |
| Briefs | |
| New Censorship Measures | 116 |
| ANIA Elects Officers | 116 |
| 'Famine Situation' Reported | 116 |
| PSD Regional Organization Activities | 117 |
| Region IV CDS Elections | 117 |

PARAGUAY

| | |
|--|-----|
| Asuncion Archbishop Issues Document on Corruption (ULTIMA HORA, 7 Dec 85) | 119 |
| Balance of Trade Deficit Expected in 1986 (Eduardo Miranda; ULTIMA HORA, 14 Dec 85) | 122 |
| Capital Expenditures Expected To Decrease in 1986 (ULTIMA HORA, 16 Dec 85) | 125 |
| Briefs | |
| Petition on Behalf of Missing People | 127 |

PERU

| | |
|--|-----|
| PPC Leader Analyzes Garcia Administration Faults (Luis Bedoya Yeres Interview; OIGA, 23 Dec 85) | 128 |
| Townsend on Ambassadorial Appointments (EL NACIONAL, 20 Dec 85) | 136 |
| APRA Economic Team Coordinator Sees Reactivation Ahead (Gustavo Saberbein Interview; EL NACIONAL, 22 Dec 85) ... | 138 |
| 1986 Nontraditional Exports To Reach Billion Dollars (Ricardo Vega Llona Interview; EL COMERCIO, 22 Dec 85) .. | 144 |
| Minister of Agriculture on Problems, Personnel, Policies (Mario Barturen Interview; EL NACIONAL, 23 Dec 85) | 149 |
| ECASA First Parastate Enterprise to Regionalize Management (EL NACIONAL, 23 Dec 85) | 155 |
| Briefs | |
| Military Factory Needs Foreign Markets | 157 |

TRINIDAD AND TOBAGO

| | |
|--|-----|
| Chambers: Guyana Now Paying for Exports in Cash (CANA, 30 Jan 86) | 158 |
|--|-----|

VENEZUELA

| | |
|---|-----|
| Morales Bello Reiterates Interest in Presidential Candidacy (Mario Villegas; EL NACIONAL, 14 Dec 85) | 159 |
| COPEI Presidential Candidacy Becomes Controversial (Olirio Bolivar; EL UNIVERSAL, 11 Dec 85) | 163 |
| AD, COPEI Internal Struggle During 1985 Analyzed (Orlando Utrera; EL DIARIO DE CARACAS, 27 Dec 85) | 166 |

| | |
|--|-----|
| Urban Development Minister on Impact of Triennial Plan (Fanny Perez V.; EL UNIVERSAL, 20 Dec 85) | 169 |
| FEDECAMARAS President Evaluates 1985 Economic Performance (Rosita Regalado; EL NACIONAL, 20 Dec 85) | 172 |
| AD Convention Ratifies Most CEN Members (Jesus Eduardo Brando; EL NACIONAL, 21 Dec 85) | 175 |
| 6 Percent Increase in Agricultural Sector Reported (Fanny Perez V.; EL UNIVERSAL, 17 Dec 85) | 176 |

INTER-AMERICAN AFFAIRS

PERU, MEXICO BILATERAL TRADE COMMISSION FORMED

Lima EL COMERCIO in Spanish 27 Dec 85 p A-11

[Text] For the purpose of substantially expanding the now paltry bilateral trade between Mexico and Peru, representatives of the Mexican Business Council on International Affairs (CEMAI) and the Exporters Association (ADEX) have formed the Mexico-Peru Bilateral Committee. The group includes Peruvian businessmen from the private sector, and recently began work.

The chairmen of the Peru-Mexico Bilateral Committee are Juan Pardo, representing Peru, and Leon Garza, representing Mexico.

The business groups from the two countries have decided to revitalize the sluggish trade between Mexico and Peru as a means of obtaining mutual economic benefits.

To begin with, the business sector is drawing up lists of products, which will be exchanged with its Mexican counterpart in order to determine the two countries' needs.

In addition, a program of compensated trade will be established in the future. When it begins operating, it will follow the guidelines established by Peruvian and Mexican officials.

On the other hand, the Peruvian and Mexican businessmen have indicated that as exporters and importers, they consider transport services between the two countries to be deficient.

In this regard, the corresponding committees have been asked to study the problem so that it can be solved as soon as possible.

At the request of ADEX, the first plenary meeting of the Mexico-Peru Bilateral Committee will be held during the first 4 months of next year, along with a trade mission of Peruvian businessmen. This initiative has been welcomed by the Mexican businessmen.

As set forth in the CEMAI rules, this plenary meeting will be followed by another in 1987, when Mexican businessmen and members of CEMAI will visit Peru.

It was also learned that the commercial banks of the two countries have expressed their desire to participate actively in the promotion of reciprocal trade.

According to reports, the agreements seek to establish mechanisms for Compensated Trade Programs (PIC) similar to those set up between the governments of Mexico and Argentina.

These programs aim to consolidate and increase bilateral and multilateral trade, improve reciprocal supplies, expand external buying power, and simultaneously reactivate economic relations between the two countries while coping with the limitations of foreign exchange availability.

These compensated trade programs are complex and technical commercial arrangements in which official, private or mixed enterprises can participate, following certain guidelines designed to make operations orderly and efficient.

Trade with Mexico reached a peak in 1980, when we imported more than \$18 million worth of goods from the Aztec nation, and exported \$83 million to it.

By 1984 the situation had changed drastically, with just over \$14 million in exports and \$21 million worth of imports from Mexico. Thus, the balance of trade turned into a deficit on Peru's side.

In 1985, as of August, only \$3 million worth of trade had taken place.

Among the products we export to Mexico are ignitors, goatskins, stearic acid, and wicks, primarily. We import electrodes, radiographic plates, books, photographic film and typewriters.

8926

CSO: 3348/328

INTER-AMERICAN AFFAIRS

GUYANA TRADE WILL BE FOCUS OF CARICOM MEETING

FL291723 Bridgetown CANA in English 1641 GMT 29 Jan 86

[Text] Castries, Jan 29--Caribbean Community (Caricom) finance ministers will discuss reviving trade within the grouping at a meeting here March 11, Prime Minister John Compton said.

The ministers would study the reactivation of trade with Guyana, Trinidad and Tobago's licensing system and the revival of the Caricom Multilateral Clearing Facility (CMCF), whose operations were suspended in 1983 after it reached its \$100 million (U.S.) ceiling, largely because of Georgetown's indebtedness.

Compton, St Lucia's minister of finance, said Guyana's President Desmond Hoyte expressed a desire to get back into the mainstream of Caricom trade during the January 25 meeting of Caribbean leaders in Mustique.

He added that chances of increased trade with Guyana looked promising as the Hoyte administration appeared deeply committed to reviving trade with its Caricom partners.

The chances of renewing trade with Guyana are quite good because with the different political climate there is now a greater measure of goodwill. I think there is less ideology and more pragmatism in the Guyana Government, and I think that will put us in good stead, Compton said.

We will be looking at restarting the multilateral clearing house facility and seeing whether Guyana can get back on the mainstream in trading, he added.

/8918

CSO: 3298/304

INTER-AMERICAN AFFAIRS

CARIBBEAN CHURCHMEN PUSH HUMAN RIGHTS PROVISIO FOR CARICOM

FL031617 Bridgetown CANA in English 2048 GMT 2 Feb 86

[Text] Kingston, Feb 2--Catholic bishops from the Caribbean and South America say they favour including a human rights clause in the treaty governing the Caribbean Community and Common Market (Caricom).

The churchmen's views on human rights in the 13-nation English-speaking grouping were set out in a statement issued here following a January 22-31 meeting.

The statement said the bishops had greater concern for the due preservation of human rights in the region because of recent events in Guyana, a Caricom member.

It has been a principle of Caricom that member-states should not interfere in each other's internal affairs, the bishops commented. But member-states are so closely interrelated that we submit there is a need for each member country to give certain guarantees as a condition of membership.

The churchmen added: In view of the principles set forth regarding the primacy of human dignity as well as the function and responsibilities of governments, the Catholic bishops of the Caricom countries appeal to all the leaders of Caricom to place on the agenda of their next meeting an amendment of the Chaguaramas Treaty to include provision for the protection of human rights in each territory.

The churchmen said that Caricom member states would be called upon to guarantee fundamental freedoms including the periodic holding of free and fair elections which would clearly be above all possible reproach. There have been repeated calls for Caricom states to commit themselves on paper to honouring human rights following persistent allegations of abuses in Grenada under the ill-fated leftist Peoples Revolutionary Government and Guyana under the Peoples National Congress (PNC). The PNC has rejected these charges out of hand. Barbados is one of the countries pushing for this commitment.

The meeting here was the 31st for the Catholic bishops of the 17 dioceses belonging to the Antilles Episcopal Conference. Along with the Caricom countries, Bermuda, Suriname, French Guyana, Martinique, Guadeloupe and Curacao were represented.

The meeting took place against the background of deteriorating church-state relations in Guyana, where some churchmen have accused the government of rigging last December's elections and also of persecuting them. Recent events in Guyana have given us even greater cause for concern for the due preservation of human rights in the region, the bishops said.

The churchmen said, too, they hope and pray that the divisions in Guyana may come to be healed, and that all Guyanese may be enabled to work together to overcome the serious problems which face their country. The bishops conceded it was clearly no easy thing for a Caribbean government to carry out its task today in view of the social and economic problems that have to be faced. ...We commend those who have given dedicated political service to their countries in face of great odds, they said.

These are true servants of their countries and worthy of the highest praise. We therefore renew our call for men and women with high principles to enter political life. Unfortunately, a number of politicians have fallen short of what was expected of them, with great damage to their countries.

The bishops complained that too often human rights are seen as something conceded by the state. This is not so, they said. ...Every individual human being by his very nature has rights which come from God and it is the duty of governments to respect these rights. A government which overrides these God-given rights is defying God and loses its claim to authenticity.

Today in the actual socio-political situation in the world, in order to exercise power, a government must have a mandate from the people and must rule not only in accordance with the law of God, but also in conformity with the expressed will of the people, the bishops asserted. The most effective form of government is one in which the people know that they themselves have a share because they are actually given an opportunity freely to express their views on current issues and know that attention will be given to what they say, they added.

The bishops suggested that the mandate of a government should be ratified by the holding of properly conducted elections at prescribed intervals, and should be sustained by constant and widespread consultation with the people. When a government clings to power in defiance of the popular will, it creates misery and frustration and is destructive of the national spirit, they asserted.

Those attending the meeting included Jamaican Archbishop Rev Samuel E. Carter, president of the conference; Trinidad and Tobago's Archbishop, Rev Anthony Pantin; and St Lucia Archbishop, Rev Kelvin Felix.

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CSO: 3298/304

INTER-AMERICAN AFFAIRS

CUBA, PERU COOPERATE IN FISHING EXPERIMENT

Lima EL COMERCIO in Spanish 24 Dec 85 p A-7

[Text] Thursday the 26th will mark the beginning of the experimental fishing program involving jurel, mackerel and sardines brought by Cuban boats, reported Hugo Gonzalez, marketing manager of the Public Enterprise for Fishing Services (EPSEP), yesterday. Two Cuban vessels, "Rio Las Casas" and "Rio Damuji," are now tied up at El Callao, unloading 3,200 tons of jurel from their holds.

According to the pact, the experimental fishing of these species on terms favorable to Peru will last for 6 months, after which officials will probably study the possibility of continuing the program on new terms.

The crews of the two vessels will be at least 50 percent Peruvian, and their wages will be paid by the Cuban Government.

Peru will underwrite the other costs, including fuel, according to Fishing Minister Jose Palomino.

The unloading of the fish brought by the two boats began yesterday afternoon. The first trucks full of jurel (both whole and with heads and viscera removed) left last night for Huancayo, Huancavelica and Ayacucho. From there the fish will be shipped to other parts of the country, including the so-called Andean Trapezoid.

The unloading operation is expected to conclude the night of the 25th so that the ships can be ready to begin the experimental fishing program on the 26th of this month.

The sale of the fish, reported Hugo Gonzalez yesterday, will begin today at the 120 points of sale maintained by EPSEP throughout the capital.

It will be sold for promotional prices; for example, whole jurel, whose official price is 4,500 soles, will sell for 3,000 soles, and jurel steaks (with head and viscera removed) will fetch 4,500 soles, compared to an official price of 6,500 soles.

Ministry's Negotiations

Minister Palomino told EL COMERCIO that the ministry began negotiating to sign this agreement last September on the occasion of the Latin American Organization for Developing Fishing (OLDEPESCA) meeting in Lima. The pact was firmed up at the next meeting of that organization, in Mexico.

The agreement was actually executed a short time ago in Havana by Peru's vice-minister of fishing, Nelson Cardenas, and Cuba's minister of the fishing industry and vice-minister of foreign relations, Jorge Fernandez Cuervo and Jose Raul Viera, respectively.

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CSO: 3348/328

INTER-AMERICAN AFFAIRS

BRIEFS

CARTAGENA GROUP BACKS 10 PERCENT PLAN--Montevideo, 18 December--The chairman of the Council of Ministers and minister of economy, Luis Alva Castro, obtained important international backing for the Peruvian idea of paying just 10 percent of our exports to service the debt. The support is expressed in the Declaration of Montevideo that was signed by the foreign ministers and economy ministers of the 11 countries that belong to the Consensus of Cartagena. The group's summit meeting ended today in this capital city. In statements to the press, Alva Castro stressed Paragraph IV of the emergency proposal, which recognizes each country's right to restore limits to the debt service in keeping with its development needs. Peru, said the premier, has set that percentage at 10 percent; Brazil has set it at whatever amount is necessary to maintain a 5-percent annual GDP growth rate. Another aspect that has potential, noted Alva, is the declaration that the member states of the Club of Paris must proceed to restructure their export credits on a multiannual basis with the nations that need it. "The most important thing is to specify that no formal agreement is necessary between the IMF and the debtor country." As for the Baker proposal, Alva Castro stated that the ministers had concluded that despite its merits, in that it has recognized a political approach to the debt issue, it does not offer sufficient alternatives. Alva Castro, who returns to Peru tomorrow, Thursday, met in Buenos Aires with Argentine President Raul Alfonsin and Foreign Minister Dante Caputto before flying to Montevideo. Here in Montevideo he has met with Uruguayan President Julio Sanguinetti, with whom he discussed issues related to the foreign debt and international solidarity. [Text] [Lima EL NACIONAL in Spanish 19 Dec 85 p 2] 8926

COLOMBIAN AMBASSADOR TO CHILE--The national government, by Decree No 3782 of 23 December 1985, named Jorge Enrique Rodriguez Rodriguez Colombian ambassador to Chile, a position that was vacant. The new diplomat is married and has eight children. He is an architect with a degree from the National University of Colombia. He has been manager of the construction enterprise Jorge E. Rodriguez R. y Cia. S. en C. since 1955. He represented the president of the republic on the board of directors of INGEOMINAS [Geological-Mining Research Institute] and the board of directors of Banco Popular. He also represented the manager of Banco Ganadero on the board of directors of Inmobiliaria Ganadera and was a member of the board of directors of the National Cooperative of Architects. [Text] [Bogota EL ESPECTADOR in Spanish 3 Jan 86 p 11-A] 7717

ARGENTINA

UCR CANDIDATES, STRATEGIES FOR 1987

Buenos Aires SOMOS in Spanish 27 Nov 85 p 18

[Text] The 98 top leaders (the full committee) of the Radical Civic Union (UCR) will hold a public summit meeting this weekend in Parque Norte, and the first item on their agenda will be to put together a new and more active top echelon. It will be very touchy going: There are only 17 seats on the Board of Directors of the National Committee, far fewer than the number of local bosses whose positions were strengthened by the vote on 3 November and who are prepared to defend their honor tooth and nail.

The battle may be more or less hard fought, but the outcome is all but certain. The people who visit Olivos most often predict that the debate will surely not overstep the bounds that ex officio chairman Raul Alfonsin wants set. Nevertheless, the kind of debate that will be avoided in connection with the distribution of positions might be impossible to avoid if the agenda eventually includes the strategy for the 1987 gubernatorial elections and a stand on the controversial issue of how far down the line those involved in the antisubversive struggle ought to be prosecuted. In this regard, we may perhaps see how willing society is to close the book on a painful period of our history. As far as the UCR's top echelon is concerned, the composition of the Board of Directors (the committee's executive body) holds no surprises; optimists are assuming that the 17-name list will be drawn up before the meeting opens.

Meanwhile, Buenos Aires Province has provided an indication of what the strategy for 1987 will likely be. President Alfonsin has voiced his desire that the gubernatorial nominations be decided untraumatically before the end of 1986. The apparent alternatives are either a compromise across factions or quick, one-round caucuses in the districts that have been beset with problems up till now. The 98 members of the full Radical National Committee will return to their districts with these general, unequivocal instructions and as an example they can point to the party chief's appeal to Buenos Aires leaders Juan Casella, Leopoldo Moreau and Federico Storani: "Straighten it out among yourselves."

It will be no small challenge, as foreshadowed by the machinations that the so-called "historic" faction of the Renewal and Change Movement is engaged in to put the Coordinating Board out of the running in Buenos Aires. This tug

of war might surface, at least partially, at the UCR plenum, because the offensive of the historic faction against the Coordinating Board promises to spread nationwide. If the plenum's energies are not so squandered (the National Coordinating Board is dauntingly strong there, controlling close to 40 percent of the votes), we will have to wait just a week to confirm that the offensive is under way, as the historic faction gathers in San Miguel on the 7th and 8th of December.

There the historic faction intends to take up the reconstruction of the Renewal and Change Movement, which Edison Otero has headed until now, to push for the exclusion of the Coordinating Board and to launch Casella's candidacy. "If the Coordinating Board has its own bylaws and elected its own officers, it cannot continue as part of the Renewal and Change Movement, because it is a separate faction," historic faction leaders close to Casella and Moreau are wont to say. The maneuver is obviously designed to force a break with the Coordinating Board and will reportedly be complemented by a broad appeal to the other factions (National Line, National Integration Movement, and the Yrigoyen Affirmation Movement, among others) to join a "purged" Renewal and Change Movement. A follow-up invitation will supposedly go out the week after, when the provincial convention meets and the call is extended to the Peronists, Christian Democrats and Socialists, in a bid to establish a movement.

The party's caucuses will continue to be the hub of events for several months, though, as some Buenos Aires members of the historic faction would like to extend the onslaught against the Coordinating Board to the rest of the country. The invitations will reportedly be extended to provincial factions (such as Mendoza's National Cause), and there will be one overriding aim: to isolate figures such as Storani and Santa Fe's Luis Caceres. Glimpses of the coming battle are already visible in the bloc of UCR national congressmen. The peaceful meeting of the committee that many are predicting for this Saturday might be just the calm before the storm.

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CSO: 8148/0539

ARGENTINA

GROSSO DISCUSSES RECENT ELECTIONS, PERONIST CRISIS

Buenos Aires SOMOS in Spanish 20 Nov 85 pp 18-19

[Interview with Carlos Grosso by Ruben Correa; date and place not specified]

[Text] [Question] Why did the UCR [Radical Civic Union] win on 3 November?

[Answer] The UCR ran a good election campaign, by following its basic instinct to consolidate democracy and insure domestic stability and peace. It did not win because its performance in office has been a success, because if it had been a complete success, it would have gone ahead with its intention of holding a plebiscite on the president. It did not achieve its goal.

[Question] Then how do you explain the fact that its influence has spread over so much of the country?

[Answer] This was because Alfonsin's image reached outlying areas that it did not get to in 1983. But in the places where it penetrated strongly in 1983, its vote total fell sharply this time because of the results of its 2 years in office.

[Question] Does a renovation of your party mean leaving aside the figures of Peron and Eva, which is what you did by not using them on your ballots?

[Answer] We felt that an identification with Justicialism was enough. As far as we are concerned, the best way to honor our founding fathers is not by hiding behind their portraits but by seeing to it that their legacy triumphs.

[Question] In any event, Peronism did poorly in general. How are you going to surmount the party's crisis, which has intensified as of 3 November?

[Answer] The 34 percent of the electorate who gave Justicialism a vote of confidence, above and beyond the crisis of its organizational transition, are forcing our leaders to exhibit a very high level of good sense, rational thinking and high-mindedness. We cannot continue to abuse our people in a process in which every day some people fall and others rise up, as if it were a nonstop merry-go-round.

[Question] Does it have to include everyone?

[Answer] Yes. The challenge is to update our platform, to put together a permanent, stable and disciplined political structure, and to rebuild political leaderships. These are the fundamental challenges. The distribution of posts, etc, has to come afterwards, as a consequence of all of the above. Because if we, the alleged renovators, having become a faction, wanted to distribute posts in the old style, what we would be saying is that the cover has changed, but not the book.

[Question] How does Herminio, for example, fit into this?

[Answer] Those who have seen that the people refuse to support them have two choices: occupy a disciplined post or return to factional wrongheadedness. Those who choose the latter are untouched by the spirit of party integration. This is why I think that individuals are not the issue here.

[Question] What role could Lorenzo Miguel play in the reorganization that you are proposing?

[Answer] I repeat: this is the same as asking me what role Cafiero, Grosso or Luder could play in the renovation. I think that individuals are useful if they help to make a group decision. Otherwise, they become outsiders, and the group will expel them. This goes both for the alleged good guys in the movie and for the bad guys.

[Question] If we were to mention names, could we speak of men like Luder, you or Cafiero?

[Answer] Yes, no doubt about it. We could even add many others to these names, which have practically become cliches. The point here is to put together a well-organized Peronism, not to give priority to individuals or to so-called individual leadership battles. Reorganizing Peronism also means establishing clear ground rules for competing for leadership. This is why we have made the point so strongly that leaders and candidates must be chosen directly by party members, because until we establish ground rules that really reflect the consensus around potential leaders, anyone could always say during back-room negotiations "I have a consensus."

[Question] How do you prevent a repeat of bad experiences?

[Answer] You prevent it by not placing the cart before the horse, by not placing certain personality cults ahead of the decision of the group. Unless Peronism exists, there will be no valid leaders or candidates here.

[Question] And what role do you plan to play in the new Peronism?

[Answer] ...whichever one emerges. I could serve as party house whip or as chairman of the House Library Committee. I would have no problem with either, among other things because I realize that building a political leadership is a time-consuming effort that demands great patience and that a political career is neither ended nor strengthened by a single success or failure.

[Question] In any case, rumor has it in the Peronist Party that you want to be party president and then run for president of the nation...

[Answer] Of course. But it so happens that it won't be until the end of next year that we start talking about the party president, who should be elected under a clear-cut system of consensus, such as a direct vote of the rank and file.

[Question] But do you or do you not want to run?

[Answer] What? I repeat:...I think that we have a great deal of rebuilding to do from now until the end of next year. We have to go through the transition, normalize the districts that are under intervention, reform our charter and then put together a list and submit it to the affiliates, who will vote on it. A list is more than one leader; it is the result of joint efforts. It is too early to discuss the matter now. All politicians always have the highest ambitions, and I'm like most politicians, but I don't want to be frivolous. Talking about 1989 presidential candidates in Peronism today is frivolous, because we still have to serve out our governmental or congressional terms of office before we start wondering who our presidential candidate will be.

[Question] Can Peronism be straightened out without straightening out the labor union sphere?

[Answer] The time will come for the labor movement. It will surely have to be straightened out during the first half of next year, after the last few trade unions are normalized so that the CGT [General Confederation of Labor] can be normalized by March or April. I think that this will lead to a comprehensive straightening out of the labor movement, the CGT and the structure of political representation within Justicialism. There is a quite dynamic process going on in the labor movement, as dynamic as in the political sector. One gets the impression that in the labor movement as well a group of leaders are running their course and that a group of new leaders are preparing to take up their banners and begin a new era.

[Question] Can Peronism be straightened out without winners or losers?

[Answer] The people say who the winners and losers are at the ballot box. From that point on, those who have done the best job of fulfilling expectations must be allowed to lead the group, including the people who have supposedly been defeated. This is the sort of healthy approach that every political force anywhere in the world must take if it really wants to be an alternative to the party in power. The challenge facing the renovators is not to form a faction, but to call for a reconciliation among Peronists and to appeal to all sectors to take up the goal of renovation.

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ARGENTINA

GUIDO DI TELLA ON DIVISIONS IN PERONISM

Santiago ERCILLA in Spanish 21 Aug 85 pp 60-61

[Interview with Guido di Tella by Isabel Larrain C. in Buenos Aires; date not given; first four paragraphs are introduction]

[Text] Buenos Aires--They say that he is "the light" of Peronism today. And in the judgment of his opponents, his is a voice that deserves to be heard in a Peronist Party that is falling to pieces.

Guido di Tella, an economist and an intellectual, though he does not care to admit it, takes himself half seriously and half in jest. His curriculum vitae, however, justifies the respect that he commands. He was economy secretary in the last Peron administration, teaches economics at a Buenos Aires university and has written several books on the subject. He also teaches at Oxford University in England every year.

Above all, however, there is his special sense of humor. It might well be indispensable today to survive in as stormy a party as the Peronist Party, especially if you belong to the renewal faction, as he does, which is battling for a place in the Peronist panorama.

Frank and direct, he does not hesitate to discuss his party's problems outspokenly and to smile in describing himself.

[Question] How would you define your economics?

[Answer] (After giving the question some thought)...A 1980's socialist.

[Question] And what does that mean?

[Answer] It means moderation, great moderation (laughs). I don't believe for a minute in Latin American revolutionary rhetoric, especially for the more relatively developed countries in the area. A revolution cannot withstand Coca-Cola or jeans or the mass media! What people want is more of the same. But they do want more! The ideologues say that wanting more is idiotic and that it's not worth discussing, but having more or less makes a big difference to people. [end of answer]

[Interviewer] When he speaks of the Peronist movement ("That is my party"), perhaps all of his Latin ancestry comes to the surface. And with good reason.

The party that dominated Argentine politics for four decades is in the midst of one of its worst crises today. On 7 July of this year a congress of the Peronist movement appointed a new national leadership, consisting of Senator Victor Saadi, Jorge Triaca (the cosecretary of the CGT [General Confederation of Labor]) and the governor of San Luis Province, Alberto Rodriguez. Buenos Aires Province leader Herminio Iglesias was appointed secretary general, and Luis Salam was named political secretary. All of them belong to the "traditionalist" [oficialista] faction of the party.

Another group, however, dubbed the "renewal" faction, withdrew from the vote when 68 congress delegates were challenged. They therefore did not take part in the election of the national leadership.

The real reason for the rift is that the renewal faction is trying to democratize the internal workings of the party, whereas the traditionalists seek to maintain the old party structure.

But this was just the first part of the story. On 21 July elections were held in Buenos Aires, the federal capital, for new local party leaders. Carlos Grosso, heading the list that represented the renewal faction in the capital, was victorious. Observers interpret the victory as an opportunity for the renewal faction: from the capital to the provinces and from there to making changes in the national leadership.

[Question] How do you interpret Carlos Grosso's victory in the recent elections in the city of Buenos Aires?

[Answer] The congress in the pampa (where the current national leaders were elected) was an extremely serious setback for Peronism, which had given signs of making promising headway towards a renewal and a modernization of its message and its platform. I'm talking about the national level. But it's another matter on the district level. Grosso's victory in the capital is an extremely important stride and represents renewal in a district that is crucial to the entire country. I feel that this is the sort of renewal that could remodernize Peronism as a Social Democratic party.

[Question] What does the renewal faction, to which you belong, stand for?

[Answer] Peronism has always represented the most disadvantaged segments of society, those with less education and lower incomes, the workers and the labor unions.

The most neglected segments have been changing over the decades, because the degree to which they have been neglected varies in accordance with sociological and economic factors. And all of these socialist movements, to give them a name, have had to alter their message. Moreover, part of the message has to change owing to the successes that have already been achieved.

Right now there is going to be a consolidation, some touching-up...This is the challenge facing the Peronist renewal; we have to take up our historic banners and try to tailor them to the changing realities of the national economy and of our evolving country.

[Question] Do you think that the Peronist movement is going to succeed in forming a united front for the congressional elections in November?

[Answer] Well, I would hope not. Unfortunately, I don't kid myself. I don't think that we are going to split in Buenos Aires Province, which is what I would prefer, because I don't think that it does us any good to hook up with that reactionary faction (the traditionalists).

[Question] Are you in favor, then, of dividing Peronism in two?

[Answer] I would like the Peronist Party to express itself normally and to exclude the reactionary faction that has temporarily taken over the leadership. This is not splitting in two. It means returning to unity among those of us who are united and leaving aside those whom I do not recognize as legitimate. There is a fascist faction. And what has a fascist faction got to do with Peronism? Nothing. So, the sooner they leave, the better.

[Question] And what does the traditionalist faction think of you?

[Answer] The same thing, but in reverse (laughs). But at least we recognize each other as having essentially opposing agendas. I think that this is great progress (laughs again).

[Question] You have stated that the November elections are going to be a disaster for Peronism. But could something still happen that would give you victory?

[Answer] A miracle! I think that the cards are on the table already. Because if I told you that there were going to be elections in Buenos Aires Province and that Mr Herminio Iglesias, who would oversee them, was going to play clean, which he has never been known to do in his life, in that case the renewal groups would win. I have no doubt about it. We could then throw the national leadership out before November. It would be very difficult, because we would be in the home stretch already. We would also have to explain that the new leadership is firmly in place. It's too much to ask!

Observing the Plan

[Question] What do you think of the economic plan that President Raul Alfonsin enacted on 14 June?

[Answer] Alfonsin's policies from the time he took office until 14 June were increasingly nonsensical. Because of the long vacations, so to speak, that were taken, the situation grew extremely grave, and the measures that should have been taken 18 months earlier became much more costly and painful. This is a serious charge that I am leveling at the administration.

The 13th of June came along, and what did he have to do? What he did on the 14th. It is essentially a fiscal shock treatment, in other words, slashing the budget deficit to almost zero. Shock treatment for expectations, with price freezes. And shock treatment to halt the inertia of inflation, through a change of currency. I think that the plan is fundamentally OK.

[Question] You are saying that you basically agree with it. But is there some specific point that you feel you should clarify?

[Answer] I miss the distributionist measures that could have been taken. I also don't care for the bias against importers that was introduced because of the need to raise tax revenue. Now then, these are minor criticisms, but I feel that the distributionist measures should have been included as a central element.

[Question] Do you think one of the consequences of the plan is going to be a rise in unemployment?

[Answer] I'm afraid so, though I hope not. This is one of the touchy issues. I trust that it won't, because it could destroy the plan. I didn't tell you anything, did I? That's what I wanted (laughs). I don't know. They're playing with fire. Before they were playing with hyperinflation, one or two percent a day. Now they're doing the same thing with unemployment. These are the risks of politics.

[Question] In your opinion, then, is unemployment the political price of the plan?

[Answer] This plan will bring great political benefits. Forget about the economy! No one can put up with a one percent daily inflation rate, neither the workers nor the disadvantaged. No one! People are prepared to make sacrifices, to a degree, as long as inflation is halted. If there is a deep recession and inflation increases too, then we'll have the worst of both worlds. Conversely, if the recession is mild and inflation drops, I think that people will endure because they realize the need for sacrifice. What we in the opposition have to see to, above all, is that the sacrifice is shared equally.

[Question] What steps do you think have to be included in the second phase of the plan, the recovery stage?

[Answer] Measures that promote exports in general and industrial exports in particular. This is the key to a recovery. Interest rates also have to decline. They cannot be brought down just by willing it; a series of monetary policy actions, devaluations, can do the job. I think that these two points are paramount in a recovery program. [end of answer]

He is undoubtedly a Peronist and prepared to do battle. But he acknowledges the victories of others and his own defeats. This trait, plus a sense of humor, which he never loses, could benefit his party and do the country some good as well.

BRAZIL

MILITARY MINISTERS URGE REFLECTION DURING CURRENT PERIOD

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Nov 85 p 5

["Text" of the order of the day issued by the ministers of army, navy, and air force in commemoration of the 1935 insurrection]

[Text] Brasilia--"The moment requires reflection. The moment calls for constant civic watchfulness consistent with faithfulness to an eminently Western and Christian calling and aimed at preventing future generations from becoming the victims of a political system that enslaves man to the determinism of the state. It is a watchfulness that will pave the way to attainment of our ideals."

That is a passage from the order of the day issued by the ministers of army, navy, and air force in connection with commemoration of the 50th anniversary of the so-called Communist Conspiracy. It will be read today at Vermelha Beach in Rio de Janeiro during a ceremony that will be attended by President Jose Sarney, the head of the SNI [National Intelligence Service], the chief of the EMFA [Armed Forces General Staff], the military ministers and the judges of the STM [Superior Military Court], the ministers of justice and transportation, and the chiefs of the Civilian and Military Households. During the ceremony, the president of the New Republic will place flowers at the mausoleum honoring the victims and greet the relatives of the military who died during the insurrection of 1935.

This first commemoration of the Communist Conspiracy to be held under the New Republic will differ little from the others that have been held over the past 20 years. One change is that separate orders of the day have given way to a single document signed by all three ministers: Adm Henrique Saboia, Gen Leonidas Pires Goncalves, and Air Force Gen Moreira Lima. Yesterday's document also differed from previous messages in another minor respect: without once using the words "communism" or "communists" (except briefly

to recall that the Communist Conspiracy was being commemorated), the military referred to the existence of spurious ideologies not in keeping with the Christian Western World (repeating the principles that prevailed during the Old Republic) only to refute those ideologies and confirm the intention to continue combating them.

In this order of the day--which was also more polished in style and more intellectual in its treatment of ideas, with no cliches like the previous references to the "heroes who died asleep in cowardly fashion"--the army, navy and air force asserted that those military who died fighting in the barracks in 1935 "entered into history over the threshold of greatness."

Here is the complete text of the order of the day issued by the three military ministers:

Comrades,

Yesterday and today. The past and the present.

Fifty years separate us from one of the most miserable and deplorable winds in our history, one that is deliberately remembered to characterize, from the perspective provided by time, the dimension of its error and distinguish the desirable parameters for a just society, which we are building.

Of fundamental importance in that review are the knowledge and ratification of truth which have been handed down to us by previous generations and which enable us to identify the frames of reference for shaping a better world.

Experience is like the sun. If we turn our backs on it, we will certainly see shadows, and that fact leads us to persist in saying no to absenteeism, indifference, and neglect.

Fifty years mean very little on the scale of time. But they provide time enough for us to understand veiled or conspicuous changes, determining the proper attitude to be adopted in the face of the present challenges and sharpening our intelligence so that we can shape a society in which freedom is complete as a responsible projection of free thought and free action.

A realistic appraisal of the world around us today guides our advance in the direction of our dearest dreams, our most sublime ideals, and our most noble objectives.

Inertia, self-indulgence, and indecision are attitudes inappropriate for one who has duties and responsibilities to fulfill because they lead to social blindness and deafness.

In a world in conflict, the resigned and the fatalistic are the defeated. The winners are the persistent, the firm, and the tenacious and those who impart

greatness to their acts and intentions: those who believe in will power and transfer to the nation the infinite potentialities of their own being. The facts confirm, in a rewarding vision, that many have already conducted themselves with such attitudes and unexceedable talent, making their presence known in time and space. It is only those who know how to be daring and only those who do not hesitate to do their duty and remain loyal who make history.

Attentive to the historical process with its procession of surprises and innovations, and supported by the teachings of the past, it is up to us to make the effort to put together the complex mosaic of the present--a mosaic which will project our future and cause it to materialize by setting up defenses capable of preventing a collision between the will of a few and the purest and most permanent aspirations of Brazilian society.

It is full awareness of each generation's role in the flow of history. It is the realization that more than surviving, nationhood must be produced on every scale of values, something that may not happen if there is predominance by a political movement that is not identified with the social environment and the latter's tendencies, yearnings, and aspirations.

It is the reaffirmation of an unpostponable commitment, assumed long ago and firm in its defense of the sacred postulates of law, justice, and democracy.

In the defense of law, which must inspire in every citizen full awareness of respect for the rule of law and order.

In the defense of justice, which must ensure the same opportunities, free of privilege and discrimination, for all.

In the defense of democracy, which must permit the strengthening of a society that is free and aware of the worthlessness of imitating decadent models inspired by spurious ideologies in conflict with the heritage of upbringing and culture bequeathed to those born in this country.

The pages of our history are sources of examples and teachings, and they are eloquent and undisputed witnesses to the democratic nature and the conciliating and solidary spirit of the Brazilian people.

The Brazilians are a people whose history is full of authenticity and balance, of clearheadedness and detachment at the critical moments of national life, thus reiterating and ratifying more than adequately our greatness of spirit and magnanimity of character.

The moment demands reflection. The moment calls for constant civic watchfulness consistent with faithfulness to an eminently Western and Christian calling and aimed at preventing future generations from becoming the victims of a political system that enslaves man to the determinism of the state. It is a watchfulness that will pave the way to attainment of our ideals.

The Brazilian family's resistance to the onslaughts of those wanting to do violence to our principles and our cultural heritage depends on the courage of all and the synergy of all efforts. We have intangible values to defend and inalienable positions to maintain.

That is why, in the episode of 1935, we identify a parapet of history erected over values which give permanence to the recognition given by the nation to the heroes who knew how to resist.

The ideals that die are those for which men refuse to die. Survival within a dignified framework requires sacrifices that are often measureless.

Those to whom we pay homage today confirm that statement. In our genuflection to the past, we find the inspiration that will never be lacking, enabling us to guarantee the future--yesterday's cause continues to be our cause.

In sacrifice we find a belief in the superior and permanent values of the military profession in particular and the sentiments of duty and honor--acquired through the exercise of the will and matured through many years.

In yesterday's lofty conduct we find conscience's greatest demonstration on behalf of a noble cause.

In the Brazil of today we find a sincere intention and deliberate action to strengthen democracy and a political doctrine that will reconcile responsibility and freedom based on Christian morality and intimately linked with our psychosocial reality.

Inspired by the message constantly reaffirmed by the head of the nation to all our compatriots, we are witnessing the consolidation of genuine democracy.

We are experiencing democracy and giving it the best of ourselves, being certain and convinced that that option is the ideal political system for free peoples.

The fighters on sea and land and in the air have always found examples to follow in overcoming their great challenges, both during World War II and in the fight against urban terrorism and rural guerrilla warfare. And to really understand such achievements, we need only recall that the Brazilian people are the essence and origin of the Armed Forces--a portion of that people belongs to the navy, the army, and the air force.

On the ides of 1935, therefore, the reaction by the Armed Forces to the Communist Conspiracy reflected the will of the people and prevented an alienated minority from taking power by violence--the preaching and praxis of its strategists--in the attempt to crush our democratic principles.

Sailors, soldiers, and airmen!

Exactly 50 years ago, a handful of brave, loyal, and determined men were led to make the supreme sacrifice, playing the final role reserved for them by

their professional life. That was the most eloquent demonstration of the value assigned to the defense of human dignity and the ideals of freedom.

They thus entered history over the threshold of greatness.

Honor and glory, then, to the heroes of 1935!

11798

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BRAZIL

DROUGHT IN SAO PAULO MAY RESULT IN CROP LOSS UP TO 30 PERCENT

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Nov 85 p 27

[Text] Sao Paulo's Secretariat of Agriculture announced yesterday that the drought is coming to an end but that work on the 1985-1986 crop is being resumed on only 70 percent of the farms in the state's interior. According to reports from the regional agricultural departments, rainfall is still inadequate in some towns and overly abundant in others. Some municipalities, such as Barretos in the Ribeirao Preto region and Santa Cruz do Rio Pardo in the Bauru region, have already received over 140 millimeters of rain this week. In regions such as Presidente Prudente and Aracatuba, less than 10 millimeters of rain has fallen, and in many municipalities the farmers are waiting for more water before beginning to plant. According to the secretariat, the most critical situation in the state exists in the bean-producing municipalities in the Itaporanga and Itabera regions. The weather service is predicting the arrival of a cold front throughout the state before tomorrow, and experts believe that it will bring enough rain to revive the hopes of all farmers.

The 20-day break in the rainy season, which lasted from All Souls Day until last weekend, has already caused a crop loss of between 10 and 30 percent in areas already planted. The sowing of almost all grain crops was already 50-percent complete: cotton with 173,400 hectares planted and a loss of 30 percent, peanuts with 56,200 hectares planted and a loss of 10 percent, rice with 126,000 hectares planted and a loss of 10 percent, corn with 518,700 hectares planted and a loss of 16 percent, and soybeans with 67,800 hectares planted and a loss of 10 percent.

Those figures are part of the latest survey of the situation in the state. The survey was submitted to Secretary Nelson Nicolau yesterday by his technical advisers. One of his chief advisers, Paul de Bemelmans, said that the drought had already caused a loss of 900,000 tons of the six main products: corn, cotton, rice, peanuts, beans, and soybeans.

In the Ribeirao Preto region, nearly all the annual crops were planted outside the ideal period because of the dry weather, and that in itself is a factor for lower production in the next harvest. But experts at DIRA (Regional Agricultural Department) feel that it is still too early to make any forecasts

and prefer to wait and see how weather conditions develop between now and the harvest season.

The planting of soybeans has not yet been entirely completed, and that operation has intensified as a result of the past few days of rain. November is still a favorable month for that crop, say the experts. The problem is with corn. All the seed should have been underground by the end of October, but that was not the case because of the irregular rainfall.

The serious situation due to drought in the Sao Jose do Rio Preto region has improved, and the planting of cereals or replanting has begun in practically all the miniregions since last weekend's rain. But on the boundary between the municipalities of Paulo de Faria and Riolandia, heavy rainfall destroyed 30 alqueires [1 alqueire = 242 metric ares] of planted cotton and also caused damage in the rural area between Americo de Campos and Cosmorama. In Novo Horizonte, heavy rainfall caused the stream that runs through the town to overflow.

Veterinarian Milton Sant'Anna of DIRA in Rio Preto says that animal husbandry will suffer the effects of the prolonged drought even if precipitation normalizes, since the grass will not recover until about the end of December. The rut will be delayed, as will the birth of calves as a result.

Itinerant Workers

All of the state's resources will be mobilized to see that the families of itinerant workers affected by the long dry spell are taken care of, especially as far as food is concerned. That guarantee was made yesterday at Bandeirantes Palace by Governor Franco Montoro during a meeting with more than 300 mayors from drought-stricken municipalities. In addition to that measure, Montoro also announced other steps that would be taken by the government in an attempt to help the municipal governments and the itinerant workers: a speedup in public works which are already underway or for which contracts have already been awarded, the purpose being to absorb unemployed manpower in the regions affected.

At the same time, Montoro promised to talk to President Jose Sarney about the possibility of making new rural loans available and refinancing the debts of rural landowners. Secretary of Agriculture Nelson Nicolau will be in Brasilia today, and he intends to begin immediate talks for that purpose with Ministers Pedro Simon (agriculture), Dilson Funaro (finance), and Joao Sayad (planning).

Meanwhile, that concern has taken a back seat to the bigger problem being faced by those mayors: the itinerant workers are unemployed and hungry, and there are already several threats to loot and invade land--threats "caused by the desperation of the rural workers."

Meeting in the South

In Porto Alegre yesterday, at the last meeting this year by the Council for Developing the Far South (CODESUL), the governors of Rio Grande do Sul (Jair

Soares), Santa Catarina (Espiridiao Amin), and Parana (Jose Richa) decided to demand that the Federal Government institute an emergency plan to alleviate the problems being caused by the prolonged dry weather. To ensure that the government understands the precise extent of the loss and the difficulties, they will ask the ministers of agriculture and interior to appoint observers in connection with the survey of agricultural losses.

11798

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BRAZIL

BRIEFS

ORANGE JUICE EXPORTS--Brasilia--The Bank of Brazil's Foreign Trade Department (CACEX) will release 15,000 tons of orange juice for export within the next few days, according to an announcement yesterday by Deputy Joao Cunha (PMDB, Sao Paulo) following a meeting by industrialists, producers, and Minister of Planning Joao Sayad. There will be a meeting in Rio de Janeiro today by CACEX director Roberto Fendt and the country's three largest orange juice firms--the multinationals Cargil, CITROSUCO, and Cutrale. According to one participant in yesterday's meeting, those firms want "to raise the price of juice." One point is clear, however: except for the 15,000 tons soon to be released, CACEX is going to hold back a little longer on exports of 100,000 tons of orange juice. Deputy Joao Cunha announced that the only exports to be authorized (the 15,000 tons) will benefit small firms primarily. Joao Cunha sharply criticized Minister of Finance Dilson Funaro for the latter's conduct in the orange juice crisis: "because of his stand, national producers are still in a bad way." The deputy claims that thanks to the agreement obtained as a result of his intervention, \$50 million has already been earned over the past few weeks in the interior of Sao Paulo. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Nov 85 p 27] 11798

FUTURE OF NEW PARTIES--Brasilia--Of the 25 new parties, only the PSB and the Communists have a chance of surviving the elections on Friday. The voters will ignore most of the parties. Those were the predictions of the deputies still in Brasilia last night. Brazil has lived under the pinch of the two-party system practically since the end of 1965, when Marshal Castello Branco abolished the parties. In 1982, the ban on voting across party lines and the requirement that each party field a complete slate of candidates blocked Tancredo Neves' People's Party and left room only for Leonel Brizola's PDT, Ivete Vargas' PTB, and Luis Ignacio Lula da Silva's PT in Rio de Janeiro, Sao Paulo, Rio Grande do Norte, and Minas Gerais. Under the New Republic, legislation has gone from one extreme to the other in terms of liberality: 101 people could and can establish a party. So the new parties are going to disappear after the trial by ballot. Those continuing will be the PMDB, a clear favorite; the PFL, which is in difficulty; the PDS, which is practically absent from elections in the state capitals; the PDT, the PT, the PTB, the PCB, and the PCdoB. Not to mention the PSB, which takes in a large part of the PMDB in Pernambuco, the latter having challenged Sergio Murilo and stuck with Jarbas Vasconcelos in Recife. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Nov 85 p 2] 11798

CSO: 3342/42

CHILE

BACKGROUND ON FINANCE MINISTER BUCHI

Santiago EL MERCURIO in Spanish 24 Nov 85 pp 10-11, 13

[Article by Ximena Torres Cautivo: "The Buchi Boy in Chicago"]

[Text] So many things are said about the finance minister. That he is brilliant, eccentric, a square. That he eats only yogurt and soda crackers. That he eschews his official car and takes the bus. How was the legend forged? His parents, friends and former colleagues tell the tale.

Some 17 years ago, amid the Huentelauquen dunes the following conversation took place between two boys, one blond, the other brown-haired, who were lying on their backs gazing at an eagle circling in the sky.

The brown-haired one said: "It must be great to glide through the air like that, effortlessly!"

The fair-haired lad replied: "What do you mean effortlessly? How do you think the eagle keeps his wings rigid? Only by dint of great muscular exertion to keep his body up and his wings down."

He then started expounding on the physics of flight in structures such as wings.

Rolf Behncke, the brown-haired boy, has the following to say about Hernan Buchi Buc (37), our finance minister and his longtime fair-haired friend:

"He made you hate him, because you always felt like such a jerk, and so stupidly romantic."

The two of them still talk about eagles, nature and human intelligence. They do not discuss money, or the foreign debt or Manufacturers Hanover Trust.

On weekends the two friends train "Atlantida," Isabelita's pet eagle, amid the La Dehesa hills. Isabelita is Behncke's daughter and Buchi's goddaughter.

What is Herman Buchi really like?

It has been said that he wears yellow shoes that are worn out in the front. That he walks up the stairs to his upper-story office. That he lives on yogurt and soda crackers and that when he wants to have himself a feast, he adds a little cheese. That he eschews his official car and takes the San Carlos bus. That on protest days he walks through La Victoria. That he is boring, cold, eccentric, a loner, shy, original, brilliant. That he looks like a hippy...

Good Morning

To begin putting aside the "they say that's" we contacted a series of people. It was not easy. Many of his former classmates in the sixth year of secondary school (his class was tops in mathematics) at the National Institute and others from the university categorically refused to reminisce. Finally, and with their permission, we spoke with his parents, a few of his fellow classmates, a couple of girlfriends and, in particular, with his buddy, who claims not to sing his praises too often but who cannot hide his admiration for him.

So, we succeeded in finding out something about this mysterious minister. Will there be yet more question marks to erase, Mr Buchi?

Hernan Buchi Guzman, his father and a retired Chilean Air Force lieutenant colonel, received us at his La Reina home, where the finance minister grew up.

"Thirty years ago this was an almost rural district, with little hustle and bustle and a lot of green space," he reminisces. "Nanchito and his brothers and sisters went to the Nido de Aguilas School, which was near here, taking the shortcut through the fields."

We started talking about school.

Returning from his first day in kindergarten, the boy was asked by his father:

"How did it go, Nanchito?"

"OK, but Good Morning wasn't there."

"Who?"

"Good Morning, a kid who didn't show up, because all morning the teachers kept thinking I was him."

"Good morning" was his introduction to English.

Maria Buc, from whom Nanchito got his looks, ignored the story, remarking:

"It's not because I'm their mother, but all of our children have been excellent students."

The Buchis have five children. The two eldest, the minister and Maria Delfina, the doctor in the family, are from Iquique. "Like me," their mother says proudly.

Richard and Marcos, both engineers and the former a securities manager, were born a bit later, after their father was transferred to Santiago. Antonio, the youngest, who is studying engineering at Catholic University, came along several years afterwards. His brother Hernan was a teenager by the time he was born.

None of them needed any prodding to study hard. The table full of top-student awards is proof.

Perhaps the other side of the family was responsible for the direction of his academic career:

"Maybe Nancho would have chosen forestry or environmental studies, because he's a nature-lover. But we parents are here to guide our children. His grandfather, my father, came here from Switzerland to work in mining," the elder Hernan remarked, answering the question as to why he decided to become a mining engineer.

Incredible Descriptions

His mother described his childhood thus:

"Nanchito would spend entire afternoons fishing for tadpoles in the ditch around the house. When he was not playing with his brothers and sisters, he would read. Just like now, he devoured books."

Hernan Buchi senior:

"In 1962, when TV broadcasts began, Hernan asked me for one of my electronics books so that he could prepare a book report. He read it in 2 hours. The next day he got an A. He confessed to me that he had memorized it."

Not many novels have passed through his hands. He reads technical or scientific material, but Saint Euxpery's "Little Prince" did impress him.

Did he have friends? Did he go to parties?

"My idea then was that freedom is something you get after age 18, that studying came first," the elder Hernan remarked.

How did your son manage to come up with the hairstyle that he uses today?

"It must have been gradual, because in grade school and almost throughout secondary school I cut his hair myself. I bought a razor to save the money we would have spent on haircuts for three boys."

His mother added: "He used to give him crew cuts."

His father joked: "Maybe I traumatized him."

If he did not traumatize him, he at least provided him with a nickname: "pelao" [baldy]. Although his hair had grown by the time he entered the National Institute in the 5th year of secondary school, the nickname stuck to him.

One of his students at the university, an engineer today, commented without revealing his name:

"In 1972 he taught calculus there. He began as an adjunct professor, but by the next semester he was already a full professor. In spite of these academic accomplishments, we called him 'pelao Buchi.' Another typical thing about him was that he was completely erratic in choosing what to wear. When all the rest of us were shivering with cold, he would go around in a T-shirt on a motorcycle. He had an enormous Yamaha." He still has it.

Jorge Arrisueno, an engineer, was a classmate of Buchi. He remarked:

"In wintertime Hernan used to go for walks alone all afternoon with his shirt unbuttoned. He turned purple but he didn't seem to feel the cold."

He saw him turn purple another time too, purple from sunburn.

No Drinking, No Smoking

It was in the summer of 1967. They were on a backpack trip to Peru. Arrisueno comments:

"After his father recommended it so highly to me, the first thing we did in Arica was to fall asleep on the beach."

They wound up in the hospital with sunstroke.

"During the trip, which lasted more than a month, our topic was philosophy, man. I remember that he was very impressed by the Peruvian Indians. In Puno, on the shores of Lake Titicaca, and in Convencion, a town on the fringe of the jungle, I saw that he was really fascinated by the people and their customs."

He felt and still feels equal wonderment at the fact that the idea of God exists in all cultures. It does not in his, at least in the manner that most people conceive of it. "He is not a religious man," said someone who ought to know.

Marion-Robert Lingsch, an engineer and a classmate of Buchi at the National Institute and in engineering school, also remembered him being caught up in profound issues:

"He was unusually mature for his age. At the institute he was always walking around wondering why there were negative and positive charges. He talked about antimatter...He was a bit absent-minded."

Absent-minded but a whiz at exam time. Many of his classmates were very envious of him when they saw that although he did not seem to try too hard, he would always get the highest mark. They acknowledge, however, that he was generous with his talents. Arrisueno:

"He used to help the students who didn't have an aptitude for mathematics. His explanations were very clear, and he placed a great deal of emphasis on concepts."

Many admire this clarity, which did not shine through in class alone. The anonymous engineer remarked:

"Around that time, 1972, almost all of us studying to be mining engineers were leftists. There were a lot of political meetings, and he attended them. Although he sympathized with a lot of the ideas that were expressed at those gatherings, he was a very questioning person and not at all narrow-minded. Also, because he's brilliant, his logic was flawless."

It was this logic that in the first year of engineering school clashed with the impulsiveness of Rolf Behncke, who has been his best friend ever since.

"The hermits" was the nickname that the duo earned. They became famous for their respective eccentricities. Moreover, they did not smoke or drink, which was rare in those free and easy days. They had a good time nonetheless.

"Rolf provided the women, and Buchi the brains," remarks a pal of theirs, adding: "Hernan was a bit shy, not like a teenager, though; he just sort of kept his distance."

His friend Veronica Blackburn remembers him as shy. She says:

"In addition to being one of the healthiest and most intelligent persons I have met, he impressed me with his odd personality. The things he did. He used to bicycle to La Pincoya or disappear for 4 days, return on the fifth and tell me that he had walked to Quilicura to drink corn liquor."

The bragging of a teenager? Perhaps, because everybody says that he only drinks mineral water.

Marion-Robert Lingsch remarked: "I think that he lacked social experience, but Rolf was always by his side."

The dynamic duo parted, however, when Buchi married Jovita Bastidas and left for Columbia University to get a masters in business administration.

Unsuccessful Mugging

Several young mining engineers like him had left on scholarships with \$400 a month for living expenses. Buchi got exactly half that much.

A Chilean couple took them into their Manhattan apartment. The wife, who is now their friend, recalls:

"Hernan arrived a month late for classes, which nobody did for fear of failing, but in the end he got straight A's. And he also had to work like a slave to survive."

The woman worked as a secretary in the home of a multimillionaire couple. "I knew that the woman paid someone \$100 to clean her windows. Since I realized that Hernan needed to make money, I got him the job."

Another story from the same source: "Hernan later found an unusual job. He had to go out early in the morning and count the particles that a factory smokestack emitted. One time, on his way to work, a bunch of black guys tried to mug him. As always, his pockets were empty. The muggers finally gave him 35 cents for the subway."

His accomplishments at the university soon forced him to wear a jacket and tie. "I don't know how he got to Wall Street," his friend says in amazement.

The other Chileans left at the end of 1973. There had been a change of course in Chile.

"He stayed on a bit longer. Things were going great for him, and who knows where he would be now if homesickness had not gotten the best of him."

Juan Hurtado Vicuna, one of his former college classmates, tells us what happened after he came back:

"I think that Hernan had just gotten back from the United States, around the time that Sergio de Castro took over at the Economy Ministry. It was in 1975. He set up a commission of young people to monitor public enterprise spending. I had just recently joined the government and I recommended Hernan because I was sure that he would not let me down."

The next economy minister, Pablo Baraona, recalls: "When I assumed the post, I asked myself: 'Who is best qualified to be cabinet chief?' 'Buchi' was the unanimous reply." He then adds somewhat amazed: "Even though the salaries were not good, he always had money left over."

More grist for the Buchi legend. But what is the minister who looks like a hippy really like inside?

His best friend, lying on the goatskin-covered pads that are the only furnishings in a house without a living room, bedroom or anything else, racked his brains for a definition. Meanwhile, Atlantida the eagle and a frisky chinchilla scurrying about the room kept our nerves on edge. Behncke finally spoke up:

"One time in the north, in Penuelas, we were playing a game in which each of us had to say how he would make it through a forest to get home. Some said on

horseback, others with a dog, and others with a machete. Hernan astounded us all, because his answer was not considered possible, even though it was legitimate. He simply said: 'By plane.'

Behncke concludes: "That's how I know him to be, endowed with an inspired and practical rationality, ignoring forests that make up other people's entire lives."

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CSO: 8148/0542

COLOMBIA

LIBERAL CANDIDATE VIRGILIO BARCO PRESENTS POLITICAL PLATFORM

Bogota EL TIEMPO in Spanish 6, 9, 15, 22 Dec 85

[6 Dec 85 p 10-D]

[Text] Program of the Colombian Liberal Party

Preamble

The national director of the Liberal Party, in collaboration with the deputy directors and pursuant to the powers conferred upon him by the national convention of the Liberal Party, and taking into account the guidelines set forth by it and the conclusions of the First and Second Ideological Congresses in 1984 and 1985 and the Sochagota Forum in 1983, as well as the ideas set forth in the course of the current presidential campaign, presents the following party program, to which amendments and additions will be made later, once the consultation with national public opinion, and in particular that of the Colombian liberal sector, has been completed.

The Domestic Situation

The national is facing a profound crisis, one unprecedented in the history of recent decades. If not dealt with in the short run, it may threaten the very structure of the nation's social organization and the stability of its democratic institutions.

The very serious economic, social and institutional problems which have plagued the nation have worsened, due in part to outside factors, but mainly because of the incompetence of the present conservative government, which has pursued an inconsistent and improvised administration and has been incapable of undertaking the structural reforms which Colombian society needs and which the chief of state promised, during his political campaign, to carry out.

The main characteristics of the present situation with which the next government must deal are:

- 1) A widespread depression in the economy, which is not growing in a way which will make possible the adequate satisfaction of the basic needs of sectors suffering from absolute poverty. A worrisome factor in the recessive phenomenon is the drop in agricultural production and the loss of dynamism in industry and foreign trade. The foreign exchange reserves accumulated with foresight by earlier governments have dropped to the lowest level in the last

decade, and these levels are seriously hindering the normal development of productive activities. This situation has led the government to a position of having to accept a program of financial adjustment which is unnecessarily recessive and inequitable.

2) Unemployment has reached a level never seen before. Unemployment is affecting more than 14 percent of the economically active population, representing 1.2 million persons. This fact is the most categorical proof of the failure of the government's economic policy.

3) Inflation, with rates above the average for the last 3 decades, has increased during the last year, with the resulting rise in living costs and reduction in the income of the poorest social sectors of our population.

4) The national budget shows a financing deficit of no less than 200 billion pesos, which clearly reveals the alarming imbalance in public finance. To this is added the financial disaster in the main public service enterprises and the decentralized institutes. This situation is occurring, paradoxically, when the citizenry is bearing an extremely heavy tax burden, and the internal debt of the nation, mainly due to the rate of Bank of the Republic issues, has reached an unprecedented level. The precarious fiscal situation is making the phenomena characterizing the deterioration of social conditions for the poorer sectors more acute, because of the reduction in social investments which has lowered the level of coverage for the health, social security, child care, nutrition and school nutrition systems.

5) The decline in private investments is worrisome, and the financial atmosphere is not such as to encourage these investments. High interest rates are suffocating the enterprises, the lack of safety in the rural sector is causing reduction of investments there, and agricultural sector activities repay business efforts relatively little. The financial situation in general is suffering serious breakdowns, and the situation of many business units is deplorable.

6) On all levels, the state has become less efficient. The results of this phenomenon are greater difficulties and higher costs for business activity, and lack of confidence in the essential role of the state in intervening to regulate economic and social processes.

7) Generalized phenomena of subversion and lack of safety, affecting public law and order and common crime in the cities and the rural sector, can be seen, in addition to the acute problem of drug traffic, with its dangerous consequences of corruption, demoralization, crime and deterioration in the health of growing groups of Colombian youth.

8) The extreme inequality in the income levels of Colombian citizens has become more acute in recent years, to the detriment of the poorest 60 percent of the population. This is contributing to provoking greater violence and

crime, as well as feelings of frustration and despair which provide fertile ground for terrorism, anarchy and political alienation.

Progressive and Democratic Ideals

Because of the historic commitment to remove the anachronistic obstacles of the past, to ensure the economic recovery of the country, to design an efficient, democratic and decentralized state, to achieve peace, security and civilized coexistence for the citizens of Colombia, and to correct the social inequalities, the liberal sector must undertake the great task of national reconstruction, in order to correct the worrisome path of the country.

To achieve this the liberal sector must:

- a) identify fully and commit itself without reservation to the progressive and democratic ideals which have traditionally made it worthy of the support of the national majorities.
- b) continue to be the embodiment of and authentic spokesman for the interests and aspirations of the people, of the most neglected and needy groups in society, represented in the unemployed, craft workers, peasants, native ethnic groups, independent workers and the lower levels of the middle social strata.
- c) strengthen its historic spirit and dedication to reform and innovation and its capacity for change and development in its ideas, such as to adapt them imaginatively and boldly to the current needs and problems, and to recover its role as an open and receptive channel for discontent and voices of protest. To achieve this it must continue to oppose any kind of privilege and must commit itself to profound changes with a view to removing the obstacles hindering the resolution of our national problems.
- d) maintain and perfect its complex of ideas as a democratic leftist party, as its own bylaws have been reiterating for a long time now.
- e) fulfill the ardent desire of the citizens of Colombia to see their aspirations interpreted again by a majority party in the service of the whole nation, with a consistent government program, and including a broad popular base, vigorously united and capable of providing real and effective, and not demagogic or populist, solutions to the problems of the nation. This great undertaking will require that the liberal sector advance still further in the successful recent process of convergence of ideas and procedures allowing the full reestablishment of unity, with a view to becoming a political force with decisive capacity to undertake the great transformation of our society and political civilization.

1. A Policy of Peace

The liberal sector will fight for social changes and political transformations in the conviction that in order to achieve them, the path of democracy is the most efficient and best adapted to the interests of the Colombian people. This is a method different from rebellion, weapons in hand, or irrational and

fratricidal violence, and it is based on the state of law, which in its essence is alien to arbitrary and barbarous actions.

The country needs to reestablish security, because no effort toward growth, labor or change can prosper in an atmosphere of anxiety, fear and instability.

There must remain no doubt about the commitment of the liberal sector to the path of peace, as a condition essential to the democratic resolution of the great national problems. The party has participated in the approval of the main draft laws designed to achieve the recovery of normalcy for the citizenry, ranging from amnesty and pardon to the undertakings with a view to the modernization of the Colombian political system, such as those pertaining to the institutionalization of the political parties and the popular election of mayors.

This position has been maintained by the party, while the government has deemed it desirable to maintain guidelines outside the framework of its main decisions, despite the justified criticisms the liberal sector has made of various aspects of the procedures used and of the fact that the president of the republic has not assumed clear responsibility for the management of the process. It has been pursued without prior negotiations, without planning, with confused goals, without obtaining a prior commitment from the parties and the other social forces, without proper administration of this delicate undertaking, and with excessive fragmentation of responsibility among the successive and foremost commissions without clear functions or established authority.

In the minds of the Colombian public there is an awareness that the broadening of political, economic and social participation is necessary and urgent. As a consequence, the subversive groups must be incorporated within the democratic sector and they must be offered opportunities to take responsibilities in society, in the party system and in the state.

The achievement and consolidation of peace requires that the readiness for agreement be accompanied by a great collective effort of frontal struggle to achieve the real transformation of obsolete social structures and to eradicate absolute poverty, in order to remove the causes of discontent.

The liberal sector definitely supports providing guarantees so that the groups or parties which disagree with the system can publicize their programs, engage in political action and join in civilian life, abandoning armed action as a strategy for seeking power. The liberal sector is persuaded that pluralism is a condition necessary for the civilized coexistence of all shades of opinion.

Political reforms and changes in the social structure should be encouraged as the urgent response to the needs affecting all of the Colombian people, and not as the imposition of armed groups, because peace cannot be conceived of as a contract whereby the government carries out the programs of groups involved in rebellion.

The liberal sector is not opposed to dialogue to arrive at concrete political solutions to the phenomenon of subversion. But it is urgent to cast light on

the future of the pacification process, within the context of the political situation existing in the country. And, as a result, it is essential to regulate the goals, strategies and commitments so as to make the transition from truce to peace clear.

The strategy of peace must not be confused with the methods of negotiation with the guerrilla forces.

A truly effective strategy for achieving success in the process must include:

- a) mechanisms and institutions which guarantee all the political groups and sectors an opportunity for the peaceful and broad exercise of their proselytizing activity, including, naturally, those armed rebels who are willing to be incorporated in democratic life within the pacification process.
- b) submission of the process of peace to specific agreements setting forth the stages and conditions which must gradually be met, so that it will be possible to achieve advances in the agreements planned or to denounce nonfulfillment.
- c) representative interlocutors who are committed to proscribing terrorism, kidnapping and extortion as crimes against humanity and who, in joining in the process, will guarantee that they will engage in political activity on conditions of equality with the other parties, that is to say with complete abandonment of the display, possession and use of weapons.
- d) maintenance, by the government, of a reasonable and reliable policy of public order, safety and justice, with strict respect for human rights and citizens' guarantees.
- e) an active presence of the state as the mediating body in social conflicts and provider of basic services, especially in the regions suffering from violence today.

A strategy for peace does not fail because centers of rebellion survive, sponsored by small minorities which continue to act for reasons alien to the political desire to create the democratic and progressive society. The integral strategy of peace is the full achievement of the liberal program.

2. State and Political Reforms

In order to effect the changes which the Colombian people want, it is necessary to modernize the state on all levels, to strength regional and local autonomy, and to expand the democratic institutions so that they can provide effective channels for political participation within the framework of a pluralistic society.

This task requires several essential commitments:

2.1. Modernization of the State

The Colombian state is revealing great inefficiency, reflected in the unproductive use of human and financial resources, and excessive regulations

hindering citizens' undertakings and raising the costs of the enterprises producing goods and services. With the current administrative structure, it is impossible to carry out any useful form of planning.

The liberal sector believes that the state and private enterprise are fundamental factors in national reconstruction, and that basic tasks in the process of development fall to the latter. As a result, the state should encourage and promote it in order to maintain economic dynamism, to encourage competition and to coordinate and direct its activities on the basis of clear and stable rules.

With a view to this task of modernizing this state, the liberal sector should promote the following undertakings:

a) Overcoming the current crisis which the Colombian state is experiencing in various respects, returning to it its functional capacity, simplifying it and rationalizing expenditures, so that it can carry out the primary functions allocated to it by the National Constitution.

b) Establishment of administration as a career, and constant supervision of the conduct of public servants.

c) Making the Planning Commission of the Congress functional, so that within it, the plans and programs for economic and social development which should govern the national economy can be established, and their implementation supervised.

d) Strengthening the Congress in its political control and supervisory functions.

e) Fiscal strengthening of the municipalities by increasing their income through regional aid.

f) Reorganization of the decentralized bodies which, because of their chaotic and uncontrolled budget management, have become in large part responsible for the fiscal deficit threatening the financial stability of the country.

g) Modernization and provision of sufficient resources for the court administration, to guarantee that there is speedy and flexible justice, the basis for peace and social order.

h) Perfecting of recently approved legislation on the institutionalization of the political parties.

2.2. Regional and Local Autonomy

The country needs broad and solid autonomy of management and administration such as to provide the regions with functions and resources within the context of a philosophy of political democracy bringing the state closer to the citizens.

In order to carry out this regional autonomy effort, the liberal sector will promote the development of the norms set forth in the 1968 Constitutional Amendment on regional organization and administrative and fiscal autonomy, and in particular, the following projects:

- a) Popular election of the mayors in all the municipalities of the country.
- b) Strengthening the municipal and departmental structure in its administrative and financial aspects, with popular responsibility and control, in order to enable the regions to administer the affairs which, due to their nature, fall to them, beginning with education, health and public services, with the support of the nation in the most depressed zones.
- c) Definition of the jurisdiction of the nation, the departments and the municipalities, in order to make the provision of the public services entrusted to the state efficient.
- d) Development and strengthening of the forms of association for municipalities, metropolitan areas, regional planning and regional development corporations.
- e) Effective participation by the popular classes, through their organizations, such as cooperatives and communal action councils, as well as small businessmen and landholders and users of public services, so that the people can supervise public administration and participate in the decision-making process on everything having to do with the planning, direction and control of the services which affect community life directly.

2.3. Expansion of Democracy

In this realm, on the basis of the concept of sovereignty deriving from the people and not, abstractly, from the nation, the liberal sector should sponsor such institutional reforms as the following:

- a) Elimination of the paragraph in Article 120 of the Constitution which calls for "adequate and equitable participation" with a view to a full return to the democratic system which presumes a government party and one or more opposition parties, with clearly defined roles. In order to direct the state, the leadership of a majority party with popular support is needed. Coalition governments, when they are necessary, should be guided by program and not bureaucratic agreements, based on a constitutional norm. Administration as a career, the bylaws of the opposition and respect for the rights of minorities should supplement the elimination of the paragraph of Article 120 mentioned above.
- b) Popular consultation on the local level.
- c) Perfecting of the electoral system so as to create districts more consistent with the new political realities in the country, such as the national district, in order to expand the potential for representation of the minorities.

d) Unification of the presidential and congressional elections, to ensure that the majority support expressed in the presidential election coincides with the parliamentary majority.

e) Guarantees of full freedom of trade union association and strengthening of the trade union movement, which today involves only 20 percent of the wage earners, with the extension of its coverage, encouragement of its qualification and consolidation of its internal democracy and economic autonomy, and unification of the organized workers movement, such as to ensure its participation in the major decisions of the nation.

2.4. Church-State Relations

The liberal sector defends the principle that civil marriage should be the source of legal rights and obligations, without any prejudice whatsoever to the respect this sector has for the freedom of citizens to fulfill, additionally, the requirements imposed on them by their religious belief or denomination. To this end it will establish the necessary agreement with the Holy See.

[9 Dec 85 p 11-B]

[Text] 3. Social Economy

The task of economic reconstruction which the liberal sector will undertake will come within the context of a regime of social economy, the characteristics of which are the following.

The economic and social policies of the state should be oriented toward making the sustained growth in production and the equitable distribution of assets and income compatible.

The main goal of the social economy is to eliminate the absolute poverty which is found in the depressed rural zones and in the peripheral quarters of the cities. Forty-five percent of the Colombian population does not have enough income to meet the minimum requirements for subsistence.

The liberal sector does not believe that it should wait for the wealth to accumulate or for economic recovery to develop as a requirement for launching a policy of redistribution and of struggle against poverty.

In order to recover economic dynamism, it is necessary to strengthen the effective purchasing power of the national majorities, or in other words to expand the domestic market providing the large masses of Colombian citizens with sufficient income, through the massive creation of jobs and an increase in the purchasing power of wages and salaries, beginning with the control of inflation.

The correction of inequalities requires adequate policies for the redistribution of urban and rural assets and income, in order to create a balanced society and to make the principles of equality and justice a reality. The process of democratizing property involves developing agrarian and urban

reform, promoting cooperativism and establishing the industrial democracy which offers the workers an opportunity to share in the ownership of enterprises and in their decision-making process.

Achievement of these goals depends on the efficient action of the state, to which the general management of the economy falls. Strict and highly competent planning is required, such as to establish priorities for the allocation of resources and to guarantee their use in the projects and sectors with the greatest productive potential, and in the resolution of social problems. Also, credibility must be regained in the medium and long-term policies, with the establishment of regulations which will allow the planning and investments of private activities with a minimum of certainty as to the results.

Economic Development Strategies

The model of economic development with application to the social economy will be reoriented toward two basic goals--the massive generation of jobs and the strengthening of the foreign sector of the economy.

The policies which will be pursued for this development strategy will be:

1. Labor policy
2. Agrarian policy
3. Industrial policy
4. Mining policy
5. Urban policy
6. Public services policy
7. Fiscal policy
8. Financial policy
9. Foreign trade policy
10. Industrial democracy and social capitalization

3.1. Labor Policy

The first concern of the social economy will be to combat the high unemployment levels which lead to poverty and intolerable inequalities.

The slow increase in employment is the reflection of the limited growth of the productive sectors in the economy, and not, as is frequently maintained, the result of wage increases and the social security system or certain labor norms, which do not have the effect of hindering the creation of jobs, as the enterprises claim.

The liberal sector does not endorse the strategy of combatting inflation which leads to high unemployment and causes the burden of restrictive policies to fall on the weakest sectors in society. On the contrary, it believes that an increase in employment and a reduction in the rate of inflation can be achieved simultaneously.

The liberal sector will base its strategy in this realm on the following criteria:

a) A gigantic effort to create jobs, overcoming the trend toward increasing bureaucracy in the public sector. This will not be achieved through illusory policies such as the shortening of the labor day or the reduction of social services. The problem must be attacked at the root and must be linked with the entire development policy.

b) Implementation of speedy solutions, because of the explosive situation and the political implications of the problem of unemployment, even though, because of its magnitude, this is a medium-range problem.

c) Adoption of direct and prompt employment programs based on an income redistribution policy making it possible to reduce blatant unemployment and to compensate families from the shortages resulting from job reductions, instead of providing subsidies for unemployment. Using this criterion and through a substantial fiscal effort, attention should be devoted to the basic needs of the poorest 50 percent of the population in the realms of food, health, social security, education and public services.

d) Defense of the maintenance of jobs already established, by giving businessmen opportunities to use better technology and to modernize their equipment in order to increase productivity, instead of taking the easy path of dismissing workers.

e) Drafting of medium and long-term policies oriented toward promoting economic growth, accompanied by structural changes leading to an effective and stable labor policy. This entails proper policies for investment and public expenditure, for encouraging exports and construction, sectors in which there is still not any real demand, as well as consistent support of the rural sector with a view to the supply of foodstuffs and the development of agroindustry. The urban industrial sector bears a great responsibility for this process.

f) Protection of workers in the so-called informal sector of the economy, who do not find jobs in traditional activities. This sector accounts for 54.1 percent of the jobs created, affecting 2 million persons, although it conceals an obvious drop in economic productivity and a decline in real income in the labor sector. And although it has contributed to alleviating somewhat the difficult unemployment situation, it is not an efficient solution to the problem. The productive labor policy should be oriented toward moving beyond this phase.

3.2. Agrarian Policy

The liberal sector will have to take action with regard to the picture showing serious problems in the agrarian sector. There is insecurity and the conflicts deriving from ownership and possession of the land are becoming more acute. There is increasing impoverishment of the rural classes to the benefit of the large cities. There is growing frustration for hundreds of thousands of small landholders and peasants, because of the failure to modernize traditional agriculture. There is a farm crisis, with regard to food in particular, which is dealing a harsh blow to the family grocery basket, with an attempt being made to resolve it through imports.

The agricultural sector should play a preponderant role in generating jobs and foreign exchange, and, basically, in the substantial improvement of the standard of living for the peasant masses. In the medium and long range, farm production should reach sustained growth levels, such that economic development is not limited by inadequate farm exports, and so that the nutrition of Colombian citizens will not suffer from the decline in food products available.

The liberal sector approves the following strategies for dealing with the agrarian problem.

a) The structure of rural property ownership, taking the principles in Law 135 of 1961 and the new amendments which will be introduced in the Congress into account, will be reviewed on the basis of technical and social criteria, such as to ensure the efficient use of productive resources and, for social reasons, to raise the income of the farm population and to guarantee a sufficient supply of foodstuffs for the growing urban population.

Therefore agrarian reform should not only include the zones characterized by violence or the backward or depressed regions, but also, on a selective and differentiated basis, it should be extended to other zones where redistribution is imperative. To this end, the National Agrarian Fund will purchase properties which are not being exploited, are being improperly or inadequately exploited, and also, for specific social reasons, properly exploited properties. And it will move ahead in expanding the farm frontier into areas which are not forest land and where the ecological balance and the preservation of natural resources will not be disturbed.

In connection with this policy, it will be necessary to modernize the criteria for classifying properties on the basis of their quality and potential land use. Fiscally equitable prices for social expropriation will have to be established, particularly in circumstances where abundant land is available. Sharecropping will not be accepted as a reason for exemption for expropriation.

Agrarian reform is planned as an integral strategy, including not only the aspects of landholding and incorporation of large idle areas in production, but also increased investment and productivity, incentives for capital formation in the farm sector, the physical infrastructure, use of new and proper technologies, marketing, credit, processing and storage, transportation, forms of association and access to tools, supplies and state social services for all the peasants, without discrimination, whatever the legal status of the property may be, provided that it is rationally exploited.

Agrarian reform will be made consistent with the guidelines for the use of farm soils as dictated by public plans, that is to say within the concept of planning for the socially productive use of the soil, in order to ensure the safeguarding of natural resources and intensive crop and livestock exploitation of the land, including roads and flood control. The activities of regional agrarian reform and modernization councils will make possible selective and differentiated public action, with three-way participation by the state, associations of rural owners and peasant organizations. Any

conflicts resulting from their decisions will be submitted to a special agrarian jurisdiction with structures established on the level of the regions or selected zones.

b) Definition of an overall long-term policy for the production of foodstuffs, giving initial priority to the production, processing and marketing of those in mass demand which represent essential products for the market basket for population consumption, the adequate nourishment of the Colombian people being the primary goal. The abundant supply of foodstuffs will additionally make it possible to eliminate the bottlenecks limiting the increase in economic activity which agriculture has represented in recent years.

c) Launching of an ambitious agroindustrial development program, which offers a limitless potential for the generation of jobs and foreign exchange and represents a very important factor in the balance development of the country.

d) Encouraging of farm exports as one of the supporting pillars of the overall economic policy. Commercial export farming, because of its double contribution to employment and the country's foreign balance, merits special state support in terms of the transportation infrastructure, the drafting of an efficient and consistent trade policy toward other countries, an active presence in international negotiations on trade in products, and the establishment of conditions such that exporters can improve their information systems and trade practices, and so that the risks involved in the use of such mechanisms as the futures market can be reduced. Above all, it will be necessary to create price stabilization funds for certain export products, financed jointly with the producers, in order to guarantee them stable and reasonable income, to encourage them to take the risks involved in export, and to be able to guarantee Colombian farm products on the international market.

e) Pursuit of a financial policy for the rural sector which substantially broadens access to farm credit for traditional agriculture, in terms of volume and facilities, and rationalization of the use and allocation of financing for commercial farming.

The rural credit policy should be consistent with the priorities established by the state in terms of priorities for the production and export of farm goods. In this connection, it is imperative to eliminate the bureaucratic hindrances and the unnecessary guarantee requirements which are impossible to meet and which constitute an obstacle for the small and average farmer.

It will be necessary to establish the profitability of farm investments and to guarantee stability to support prices and other measures to reduce the risk inherent in this activity. Using this criterion, harvest insurance should be established. Without such a guarantee against the vagaries of weather, the farmers, who have limited resources, are hesitant to run the risk of expenditures on technological supplies such as fertilizers and improved seeds and to invest in irrigation systems, all of which are requirements for obtaining optimal production.

The policy of freezing farm product prices is an additional method of making the rural sector subsidize the cities, and it should be revised. It has

served increasingly to discourage investment in the rural sector, and this is reflected in limited supplies of goods of domestic farm origin and in greater pressures on the prices which we want to control or on imports, to the detriment of the trade balance.

f) Development and strengthening of the national technological research system oriented toward agriculture, and the development of mechanisms and campaigns to democratize access to the modern technologies suited to our climate, soils and cultural traditions.

Priority should be given to the establishment of an information network which will make it possible to popularize technology in economic and simple fashion, within the reach of crop growers and livestock breeders, with the adoption of the revolutionary methods made possible by data processing.

g) Encouragement of optimal use of water resources through suitable technology, with a view to the establishment of efficient irrigation districts which can function on a small scale. Large investments in land improvement should only be made when clearly justified in terms of social profitability, taking into account not only the cost of the district, but also the additional investments which must be made in the properties benefitted and the potential for agrarian reform, in accordance with the legislative tradition, which has only been imperfectly implemented. The establishment of irrigation districts should be, moreover, financed through development contributions and the operational costs should be covered by the payment of tariffs.

h) Search for a proper balance between economic development and the environment, such as to provide the greatest present welfare and to provide for the future of society.

i) Sponsorship of such associational forms as farm cooperatives, trade unions and consumer associations which protect the interests of small farmers and the salaried workers in the rural sector, guaranteeing the rights of association, independent and direct designation by the base levels of their representatives to the state, and their institutional participation in the processes of rural development and agrarian reform.

j) Complete transformation of the present institutions in the farm sector, which are not suited to playing the basic role which falls to them as efficient tools of change and implementation of a great rural modernization program.

k) Extension of the benefits of labor legislation and social security to the day laborers and temporary workers in the rural sector.

3.3. Industrial Policy

Colombia has been experiencing a process of marked deterioration in its industry, which has been contributing less to the gross domestic product as well as having a dwindling capacity to generate jobs and technology. The cause of this phenomenon has been, among other things, the slow growth in the domestic market, because of the reduced margin for replacing imports and the

limited purchasing power resulting from inflation, the lack of dynamism in exports, and the high cost of production factors, in particular interest rates, the high indebtedness and technological obsolescence in many sectors.

The country needs urgently to promote industrialization within the economic development process and to guarantee that industry will contribute to growth in the most efficient and least costly fashion. There need not be an inevitable choice between replacing imports and promoting exports. What is involved, as a pragmatic solution, is efficient promotion of exports while also moving forward efficiently in the replacement of imports, such that the export sector can develop simultaneously with production for domestic consumption.

The interests of the industrial and farm sectors are complementary. And there is no reason that the foundations of a development policy involving a "agricultural revolution plus industrialization" need come into conflict.

In order to put an end to the process of industrial decline, it is essential to attack the factors causing its deterioration frontally. This involves:

- a) Profound modification of the structure of demand in the sector. To achieve this it is necessary to reduce the impact of the cost of food and public services, which has caused a substantial reduction in the demand for industrial products
- b) Decisive support of an increase in exports of manufactured goods.
- c) Development of the economic conditions necessary for a reduction in interest rates and for providing access to broad and long-term financing mechanisms for industry.
- d) Reorganization, conversion and reordering of the industrial sectors which are most in conflict with the general goals of development or most affected by serious problems in terms of technological obsolescence and lack of ability to compete.

The industrial sectors which should mainly be promoted, on the basis of a careful process of planning for the selection of specific branches, are:

- a) Agroindustrial, to increase the supply of foodstuffs and intensify the use of oil resources to promote such petrochemical sectors as that producing fertilizers.
- b) The capital goods industry, in branches selected on the basis of their domestic market potential and technological characteristics, their contribution to skilled employment, the balance of payments and the general productivity of the country, taking the new international division of labor into account, thanks to the increasing commitment of the more advanced countries to technological creation and financial, commercial and technical intervention. In accordance with this trend, production branches are being allocated to the new industrial countries, in which Colombia could be included.

c) The micro enterprises and the small and average industrial sector, which must be encouraged in order to fan the dynamic and competitive enterprise spirit, to accelerate the spread of technological change and to allow the creation of jobs with new capital investment at low cost. With this in view, a law governing micro enterprises should be approved, giving specific preferential treatment to the sector which encourages the formation of a cooperative micro enterprise system and which regulates and protects such activities as those of the itinerant peddlers.

The strategy of the liberal sector in the long run for creating the industry of the future will be based on the following essential foundations.

a) Adequate and reasonable protection so that industry can make efficient use of the domestic market, can project itself in the rest of the world and can defend itself against unfair competition in such forms as "dumping" and other countries' subsidized exports.

b) A government purchasing policy making of public expenditure a dynamic tool of industrial development, through the technological dispersal of state investments projects such as to allow a greater role for domestic industry.

c) The intervention of the state as the guide and sponsor of industrial development. The liberal sector believes that the modern state should take action to establish the suitable conditions for greater and speedier industrial development, as well as to guarantee that this development results in a society which is not only more efficient, but also more just and free of monopolies, and in which the benefits of progress are distributed in balanced fashion.

In particular, the implementation of programs for the construction of the economic and social infrastructures on which the new industrial development is based must be promoted, as should the reorganization of state bodies such as the Industrial Development Institute, through which the convergence of private initiative and the encouraging and regulatory action of the public sector is achieved.

3.4. Mining Policy

A real impetus for mining brings with it the creation of new sources of paid jobs in the rural zones, encourages the establishment of industries and services, reactivates transportation and favors modernization and the establishment of transport routes, electrification facilities and new poles of development.

It will be the liberal policy to organize, encourage and develop the mining sector to ensure the supply of the raw materials industry needs, nutrients for agriculture, energy materials and products for export.

The state should direct the exploitation of mining resources, and to this end it is essential that it should participate in ownership of the large projects to the extent of at least 50 percent, as has been established in the policy of association for the exploitation of hydrocarbons implemented by liberal administrations.

The mining policy will include the drafting of a plan for mining development, geological exploration of the whole of the Andean zone and the Colombian portion of the Escudo de Guayana on the Vaupes, Guainia and Vichada, the establishment of a Mining Financing Fund, simplification and acceleration of applications for mining rights, establishing of training plans on all levels and support of existing mining activity.

3.5. Urban Policy

The transition of the predominantly rural society to a highly urbanized one is already a fact which will continue to exert an increasing influence on the Colombian future. The process of urban development, viewed in the long run, brings economic and social benefits, and therefore it is not a problem in itself if it occurs within an adequate regional distribution of the population, investments and job opportunities.

The crucial challenges which Colombian society will have to face in the next 20 years will include consolidation of the new type of urban society, redefinition of the type and orientation of the regional development policy, and planning of the urban areas and the territorial administration mechanisms.

[15 Dec 85 p 1-D]

[Text] The liberal policy in the urban sector will be based on the following guidelines.

3.5.1. Use of Urban Land

Promotion of basic reforms for social change, such as those pertaining to the use and ownership of urban land and the pertinent tax system, in order to be able to regulate the growth of the cities. Regularization of the ownership market. Use of the land suitably located for the building of low-cost housing. Discouragement of possession of idle land in the cities, and speculative proposals by those who make opportunistic use as tools of profit of speculation in land available for housing. Facilities for the purchase of land by bodies promoting urban development, through speedy and just methods of acquisition and a suitably located land reserve, using municipal land banks, and ensuring that the plus value created by city growth reverts to the community.

The urban reform program should also take into account the renovation of the city sectors which have deteriorated, so that they can make use of the infrastructure already established at central sites.

3.5.2. Development of Alternate Cities

Adoption, as a supplementary program, of a growth, housing and public services policy in urban areas, and, with a view to achieving effective decentralization, establishment of "alternate cities," to support and at the same time relieve congestion for the central authorities. They will constitute a complex of cities strategically located throughout the national territory, which will serve as effective centers of social and political

modernization and the transfer of technology, planning and public administration from the regional, macroregional and microregional and other levels. In addition, in the development of the country, they must carry out the function of bringing the urban and rural sectors closer together, facilitating the retention in the provinces of the valuable human resources which tend to emigrate to the large urban centers due to lack of opportunities for work, study and participation in national development, leaving a vacuum in terms of talent and the capacity essential for local development.

The alternate cities will have to have firm public administration, being headed by mayors selected on the basis of their knowledge, efficiency and leadership of the community. They will be provided with modern public services, adequate transport routes and health and education facilities, such as to bring secondary and higher education to the rural zones, to provide the farm economy with technology and to develop agroindustrial processes characterized by lower marketing costs, to the benefit of producers and consumers, around the production centers.

3.5.3. Popular Housing

Review, within the social economy system, of the principle of locating popular housing in the peripheral urban zones, where the provision of services and transport facilities is more costly, solely for the reason that in a speculative land market, the prices of land nearest the labor centers are artificially high.

The liberal sector will implement other strategies to implement the housing problem which are more consistent with the needs of the popular classes, using the sites with easiest access to labor sites, such that the distances traveled will be shorter and the public services provided cheaper.

The choices made for dealing with the problem of housing successfully should be multiple, with simultaneous contemplation of the building of new housing and, with regard to existing housing, ensuring its improvement, adaptation and subdivision through suitable processes of urban renewal, shared housing and renovation of rental properties to meet reasonable habitability criteria. Strengthening of the mechanisms for the purchase of existing housing, promotion of self-construction plans and, finally, when complete solutions are not possible, use of gradual urban development programs which will offer poor families housing solutions consistent with their limited resources, through plots provided with services, supervised self-construction and the distribution of construction materials.

3.6. Public Services Policy

The shortcomings in the provision of public services constitute a frustrating reality of Colombian life, in both the political and administrative realms. The tremendous deficiencies found in the provision of these services are causing a dangerous and harmful trend toward replacing the state as the provider. It is necessary to act decisively and speedily to guarantee the citizens the services of a social nature which are the responsibility of the state, be it called nation, department or municipality. The transfer of state

enterprises to the private sector or their denationalization, far from providing suitable solutions, may lead to serious traumas and distortions.

A transformation in public services is needed in order to reorganize them, broaden coverage, finance them and administer them socially, using the following criteria.

A large part of family income, instead of going to cover the consumption of essential goods and services, is being diverted to meet the demands of high rates charged by public service enterprises or to pay for education, hospital care or housing.

In the financing of public services, the principle of income distribution should function such as to relieve the least favorite classes of onerous burdens. To this end, family consumption levels should be established for each service, using urban social scales to determine differentiated rates. In addition, a new definition of the rate systems is needed such that, without damaging the financial stability of the enterprises, the rates can be used as tools of income distribution.

The rates should cover operational costs. But this healthy principle presumes that the enterprises are efficiently managed, with reasonable operating costs. Waste and error should not be allowed in their management, while on the contrary, their efficiency should increase such that the use of resources to meet the increasing needs of the public service infrastructure does not absorb an excessive proportion of the users' available income.

The burdensome foreign debt of the public enterprises providing services should be alleviated, with the national treasury covering at least a part of the financial effects of devaluation.

There should be a commitment to a priority task--providing the destitute people in the urban shantytowns and slums with the basic public services which will save them from one of the worst scourges of poverty: the lack of drinking water, sewage facilities, electricity and minimal age services.

Regional and urban development, housing and public services should be dealt with integrally. What is needed to achieve this is strong and efficient institutional organization on the highest political-administrative level, such as to coordinate and implement stable activities and to provide organizational tools which can overcome the inefficiency and inconsistency of the current urban planning norms. In this way the scattering of public responsibility can be ended, the goals and priorities of the various bodies can be ordered, and conflicts and contradictory actions can be avoided.

3.7. Fiscal Policy

The confusion in public administration, its high cost, the low productivity of its investment, the lack of planning and rationalization of expenditures and the inadequacy of resources constitute one of the most decisive factors in the slow growth of the economy and the increasing acuteness of social problems due to the effects of inflation, the poor quality of public services, and their limited coverage.

As in no other field, the fiscal problems the liberal sector will have to deal with are beyond measure. They include generally inadequate financing in the public sector and a growing deficit in the majority of the state bodies. It is not a question, namely where the nation is concerned, of temporary shortages in budget financing which could be reduced as economic development improves, but rather a structural deficit which shows no signs of being corrected, despite the tax efforts the country is making.

Public finance is being supported to a large extent by Bank of the Republic issues, in quantities never before seen in this century.

The repercussions of this situation can be foreseen: loss of financial stability for the nation and greater momentum for inflationary trends; further worsening of poor income distribution; difficulties in the administration of the monetary policy, where the authorities are losing their autonomy and capacity to maneuver to control currency and defend the balance of payments; public investment of a residual nature and a shortage of resources to expand or improve essential services, while operational costs are increasing; limitations on the private sector, with serious effects on production and employment, because of the priority use of the financial resources of the capital market to finance the public budget.

From the tax point of view, the system in use, because of emergency amendments, have become complex, casuistic and discriminatory. It encourages the widespread tax evasion which makes it inequitable, and the increasing predominance of direct taxes is imposing the greatest sacrifices on the social classes which earn the lowest income.

To deal with this situation, the liberal sector will pursue a fiscal policy based on the following guidelines.

a) Continuation of its tradition policy of constant concern with modernizing the tax and budget systems and making them efficient, as one of the fundamental bases for implementing economic development to the benefit of the large majorities, within an atmosphere of financial stability. The liberal sector will confirm its support of a large public budget total, financed with resources obtained from domestic and foreign savings, well utilized, in order to execute ambitious investment programs designed to broaden the physical and social infrastructure of the country and basic public services.

This tax and public expenditure policy has been reflected in major institutional reforms which are a part of the doctrinary patrimony of the party, initiated with the progressive tax on income, assets, excess profits and total assets of decedents' estates, and perfected in the successive reforms carried out, including that of 1974, which provided valuable tools for combatting tax evasion with the system of presumptions and the tax on occasional profits, such as to punish poor use of capital and land resources.

b) Urgent and energetic reorganization of public expenditures as a basic step toward correcting the fiscal deficit and again obtaining the resources required by heavy public investment.

The liberal sector will focus its battle against fiscal chaos and the chronic imbalance in public finance on the constitutional reforms of 1945 and 1968, when planning was institutionalized and norms for fiscal administration were established, including the principles to the effect that no expenditure can be approved unless supported by resources to cover it, that any law calling for new expenditures by the state must be reserved for the executive branch, that the executive branch is responsible in the drafting of the budget for establishing the calculations on income, credit resources and those obtained from the treasury balance.

c) Serious attack on the problem of state income, which continues to exist because of a very narrow tax base and enormous tax evasion. A new tax reform would have to be drafted, apart from the urgent aspects of the budget deficit. A revision of the current tax levels, without however reducing fiscal income of the state, cannot be excluded. This could be achieved if along with the reorganization of rates, strict controls and penalties were imposed to improve the collection systems and combat tax evasion. The tax system should also strengthen savings and capitalization, while at the same time discouraging the consumption of luxury items.

d) Ensuring absolutely that the public investment plans in the national budget, which establishes goals and priorities, is incorporated in the national development plan approved by the Congress.

e) Return to the healthy currency concept, which has been one of the historic postulates of the rural sector, so that it can serve as a basis for just wages and increasing savings, and adequate income distribution can be achieved. The generalized increase in living costs upsets the social order, because of the frustrations and injustices to which it leads, and it weakens faith in the economic system and in the democratic institutions. To control this increase, simultaneous activities on various fronts are needed, but the first step is to eliminate currency issues to compensate for poor administration of the public bodies or the lack of control in tax collection, or to rescue inefficient enterprises in the private sector. The extensive and continued creation of money beyond what is justified by the production of goods is the leading cause of the real increase in prices.

f) Institutionalization of the concept of autonomy in currency management. This involves clear separation of the monetary and developmental functions of the Bank of the Republic and the Monetary Council, and the reorganization of the structure and functions of the latter to ensure that control of the currency and circulation is not hindered by the interest in promoting a certain sector or financing scattered state activities, which would work to the detriment of monetary discipline.

3.8. Financial Policy

In the financial sector, the imbalances are no less serious. There is profound decapitalization, affecting private activities and the recovery of investments in particular. There is chaotic growth and a lack of clearly defined goals and rules. There are abuses and lack of foresight on the part of financial intermediaries which have destroyed confidence in the system.

The cost of money is high, reflected in high interest rates above the rate of inflation. There is an obvious imbalance in the sectorial allocation of financial resources in general, because the UPAC system has done serious damage to the other savings mechanisms designed to channel resources into areas vital to the development of the country, such as industry and agriculture. In addition, the private enterprise system is being affected by very high indebtedness, high financial costs and heavy labor costs, making a dynamic investment process and expansion of the enterprises difficult.

The liberal sector will deal with the situation using measures such as the following, bearing in mind that in a social economy system, the financial sector serves the functions of creating secondary money, channeling public savings and managing credit, and taking into account as well that the state must intervene actively in order to protect the interests of savers, to facilitate productive investments and to ensure that credit resources are allocated in accordance with the priorities of the various sectors.

a) Implementation of financial reform which will truly reorganize the financial sector as a whole and give it a stable framework.

b) Approval of the strengthening of a mixed banking system, not nationalization, as the best choice for organizing the financial sector, thereby strengthening the use of supervised credit as a development tool in accordance with the priorities established in the plan approved by the Congress.

c) Imposing a public service aspect on intermediary financial operations, which can only be carried out on the basis of a state concession which is revocable.

d) Support of capitalization of the financial sector and encouragement of it through the obtaining of foreign credit and measures leading to the self-capitalization of financial bodies.

e) Protection of savings and other account holders, such as to restore their confidence, through the pursuit of suitable preventive supervision of the financial sector.

f) Significant reduction in the interest rate.

g) Establishment of insurance for small savers.

h) Guaranteeing capital market development which will make the cost of capital less burdensome, in order to promote the investment projects the economy needs and to reestablish their capacity to support enterprise capitalization, with the expansion of the stockholding base.

i) Complementation of the domestic financial efforts with direct foreign investments which can play an important role in development, establishing a series of conditions to guarantee their real usefulness. These investments must be made in priority sectors which may not be adequately served by domestic capital. Preferably, they should be associated with domestic

capital, in order to bring about the transfer of technology and absorption of domestic manpower, among other benefits. The production of enterprises with foreign investments should be oriented toward producing exports and replacing imports, with a high level of domestic added value.

3.9. Foreign Trade Policy

Events of great importance have changed the prospects for international trade and must be taken into account. First of all, the prolonged world recession in this trade because of the crisis has led to new methods. There is a higher level of interdependence among the nations, thanks to the revolutionary changes in the communication sector produced by electromagnetics and data processing, which are gradually consolidating their central role in the financial, trade, economic and political relations among nations. Also, there is the problem of the world shortage of foodstuffs, which is growing more acute every day.

These new realities make it necessary to review the export development policy, to identify the comparative advantages the country enjoys and to draft stable plans.

The strategies of the bold export policy the liberal sector will promote, not only as a speedy and suitable means of correcting the existing imbalance in the foreign sector, but also with a view to the mass creation of jobs, will include:

a) Channeling efforts toward the development of markets which can be won thanks to the production capacity of the country and the use of the comparative advantages its products offer because they are truly competitive as a result of favorable costs rather than temporary and costly subsidies.

b) Abandonment of the principle according to which the country exports what domestic consumption cannot absorb, instead creating stable export production with a view to supplying the international markets regularly. The sporadic appearance on these markets of some surplus domestic products, with subsidies for the exporters, has not been the best system for consolidating the export sector.

c) Substantial increase in the next 4 years in the volume of exports, to resolve in large part the fiscal, employment, foreign debt and economic growth problems. The country should not place its hopes in the possibility that coal and oil alone will resolve its foreign problem.

d) Special impetus will be provided to the export of agroindustrial products, bearing in mind that by the end of this century, the strong countries will be those which can count on sufficient quantities of food resources to feed their own populations and to export to a world market with virtually unlimited capacity for purchasing such products.

e) Promotion of exports of manufactured goods with a considerable manpower component, in order to generate significant increases in employment and to raise wage levels.

f) Resolution of the problem of transportation and the port infrastructure as a basic requirement if Colombian products are to be able to compete on the international market.

g) Pursuit of a foreign exchange policy maintaining parity for the peso with the currencies of our main partners in international trade, as an effective tool for promoting exports and developing domestic production. Also, the system of gradual devaluation, designed to maintain the balance between domestic prices and those in the foreign sector, will be continued.

3.10. Industrial Democracy and Social Capitalization

Various proposals for a democratic broadening of the economy are being put forth in the modern world. This has already been tried with success in a number of countries, thus complementing the labor benefits won by the working classes, with their participation in enterprise capital and also active participation in management, in search of more realistic results in the cost and production realms, and with a view toward strengthening business.

The liberal sector must encourage this modern concept of "industrial democracy" and the procedures for democratizing economic power, providing small favors with greater opportunities and expanding participation in the ownership of the means of production as the foundation of an independent and visionary labor policy. It must also facilitate the schemes for "enterprise capitalization" which contribute to the greater distribution of wealth, to linking the popular classes with capital accumulation, and with their contribution, to providing safer paths for economic growth through the encouragement of savings.

[22 Dec 85 p 11-A]

[Text] 4. Combatting Absolute Poverty

There still are in Colombia broad sectors of the population whose basic needs are not being met or are being inadequately met. This situation has deteriorated in recent years with the high unemployment, the drop in real income, inflation and the substantial cuts in public expenditures in such categories as water supply and food and health subsidies, thus lowering the quality of the services and the standard of living for the poorest Colombians.

Per capita income, as projected for August of 1986, will be less in real terms than that received by the present government in 1982.

This situation is still further aggravating the profound inequities existing in Colombian society between those who have something and those who have nothing. This situation places us among the countries in the world with the greatest inequities in income distribution.

The great crusade to eliminate poverty as a basic national problem requires that the liberal sector pursue a state strategy which focuses effort on protection of and improvement in the real income of the people, not only through an employment and wage policy and control of inflation, but also

through an increase in social expenditures and the intensification of redistribution efforts.

This strategy must be focused on the following sectors, in addition to housing, which has already been analyzed.

- a) Education, and
- b) Health, welfare and social security.

4.1. Education

Historically, the liberal sector has viewed education as a public service, primarily to be provided by the state, and as a right of all citizens, such as to make of it the basic tool for the integral training and social advancement of the individual. This training is becoming ever more necessary, because of the impact science and technology are having on social relations, and the changes which are occurring therein.

Also, the liberal sector has conceived of education as a tool of social democratization, because it brings with it better occupational prospects, leads to more equitable distribution of income, tends to eliminate individual inequalities, incorporates individuals in the political and social life of the community and creates attitudes favoring economic development.

The principles which will guide the policy of the liberal sector in the educational realm are the following:

- a) Reassertion of its preference for public and democratic education, and its intention to promote and support it through the provision of resources which are adequate in quantity and quality, without overlooking the great contributions made to our culture and to the social and technical advance of the country by private institutions.
- b) Defense of free education and free examinations, principles incorporated in the constitution on the initiative of the liberals, and representing the foundation of their struggles to secularize society and the state and to eliminate denominational education. The liberal sector confirms its commitment to freedom of scientific, cultural and artistic creation.
- c) Priority for the universalization of primary education, particularly in the rural sector, which in addition to being free should be compulsory. Priority will also be given preschool and special integrated education, the elimination of illiteracy and basic education for the peasants and adult workers in the informal urban sector, as well as popular sports.
- d) Promotion of the development of public universities and positive resolution of the crisis which has been affecting this sector, with a view to achieving this renewal. The public universities, open to all shades of scientific and democratic thinking, should be the center where the serious problems affecting the people of Colombia are analyzed and discussed, and a research center where ideas, projects and strategies for resolving problems are generated.

A true university development and professional training policy which will extend the national public and research university system, with academic freedom, should not be in conflict with the order and discipline which are indispensable if education, scientific research and its technical application are to be fully and effectively carried out.

e) Adaptation of the educational system to the real needs of the country, reconciling it with the employment policy. The higher levels of educational achievement have led to great frustration because of the failure to generate sufficient job opportunities in the productive sectors, consistent with the specialized professional training acquired.

f) Reestablishment of order and responsibility in the various facets of educational management, where a deep administrative crisis has developed. To achieve this, it will be necessary to carry out profound regional decentralization in the implementation of educational policies, based on a consistent plan, in order to place political, legal and financial responsibility effectively with the local authorities and to rationalize the structure of the sector which, in a state of notorious confusion, is absorbing a fourth of the national budget.

4.2. Health, Welfare and Social Security

Health, in the concept of the liberal sector, is a social component, because it means not only the absence of illness, but also the complete physical, psychic and social well-being of the individual.

The level of access the people have to the state health services in Colombia is deplorable, and only 16 percent of the people have any possibility at present of obtaining aid from any security system, whether it be the Social Security Institute, Welfare Fund or Family Allocations Fund.

In order to make the liberal strategy in the health, welfare and social security sector a reality, it will be necessary:

a) To accord priority in the distribution of public expenditures of a social nature to the three most urgent needs--nutrition, preventive health measures and social assistance for Colombian citizens unable to earn a living.

In the nutrition field, this will involve the production, processing and marketing of foodstuffs, along with subsidized distribution to the poorest groups in society.

The preventive health measures will include construction of water and sewage networks, particularly in the peripheral zones of the large cities, in small settlements and in rural areas; environmental and preventive medicine, and the strengthening and extension of primary health care coverage, with particular emphasis on prevention and control of the main pathological ailments which affect Colombian citizens--high blood pressure, infant malnutrition, cancer, acute respiratory ailments, diarrhea, drug addiction, venereal diseases and oral health problems; and emergency treatment. Priority must also be given to campaigns to control endemic tropical diseases.

Social welfare activities must provide mechanisms for the economic and social protection of the disabled; care for the elderly, using such tools as minimum old-age pensions; and for households suffering because of nonfulfillment of paternal obligations, through a specialized family and children's court. There must be maternity-infant programs, full support of women who head households, workers who are minors, children who are abandoned or at risk from physical and/or moral violence, as well as the other Colombian citizens vulnerable to the most tragic forms of exposure to risk.

b) To revise the inadequate, scattered and uncertain social security system for protection against medical-labor risks and disability, old age and death. This revision must include the adoption of a special juridical system which will gradually extend the benefits to the middle and lower strata in the urban sector and to the peasants and rural wage earners. Certain public treasury funds must be allocated for the exclusive purpose of aiding these sectors. The gradual standardization of the presently scattered systems is necessary, such as to offer basic coverage while facilitating additional sources of aid through private or cooperative insurance and insuring the accumulation of service time among the various systems for pension purposes, and designing special collection mechanisms to benefit workers involved in employment without a wage agreement or a concealed labor contract.

c) To reorganize the national health system and implement the national family welfare system in order to achieve these goals. The state, on the national level, should establish the policies and general health plans, guarantee intersectorial coordination for their implementation, and unify efforts, whenever necessary, to clear the way for the initiatives of the regional and local governments with regard to health programs, encouraging and supporting them with its resources and supervising their implementation to ensure consistency with the policies established. This is regional autonomy applied to health.

The concrete measures needed to achieve this goal will include the reorganization of the ministry for this branch and its institutes, a broad hospital maintenance program, a real rapprochement between the Ministry of Health and the social security system, the training of health personnel and efficient financing plans.

d) To strengthen the now traditional government policy on population and responsible reproduction, with respect for families' freedom of decision, and consistent with the values inherent in the present urban culture, with the adaptation of family size to the resources available for raising and educating children.

e) To promote the study of the reforms needed in the realm of labor relations and public administration, with respect for the right to associate freely, to bargain collectively and to strike, in accordance with the international commitments of the country.

f) To develop the constitutional principle on wage and income policy, which represents an efficient tool for achieving equitable income distribution and complementing the monetary and fiscal policies.

5. International Relations

In the realm of international policy, the Colombian liberal sector advocates cooperation on a footing of equality with all nations, with solidarity for the peoples combatting any kind of dictatorship or arbitrary government. The policies in the international sector must invariably be adapted to the principles of ideological pluralism, the juridical equality of the states and peaceful coexistence among them. They must be consistent with respect for the right of the peoples to self-determination and the principle of nonintervention, full respect for human rights, rejection of the use of force to resolve territorial disputes, peaceful solution of disagreements among nations and the support of the international bodies which are working toward the civilized coexistence of all peoples, these policies must reject racism, colonialism and any form of discrimination.

For the liberal sector, the following are basic aspects of the international policy of our country and our party:

- 1) Relations between Colombia and the other countries on this planet, independent of their affiliation with various blocs, and with the bodies of the United Nations and the multilateral agencies for financing and aid for development.
- 2) The inter-American system and hemispheric relations.
- 3) International economic relations.
- 4) International relations between our liberal sector and other parties.

5.1.. Universal Relations

The principles the liberals will implement to guide these relations are:

a) Maintenance, within the concept of plurality and universalization of international relations, of Colombia's participation in the movement of nonaligned nations, the program of which includes the search for a new international economic order which will guarantee more just relations between the industrialized nations and those in the process of development, peaceful coexistence among nations and disarmament in order to consolidate peace.

In addition, this policy should serve as tool complementing and coordinating the efforts which various bodies have been making to promote policies of interest jointly to Colombia and the other Third World countries, such as the geostationary orbit.

b) Intensification of the present relations with the countries in the socialist bloc, with respect for the principle for nonintervention, in order to strengthen the scientific and cultural exchange and to create new opportunities for economic and trade exchange.

c) Broadening and strengthening of diplomatic and trade relations with the countries in the Orient and the Middle East.

d) Vigorous support of an international strategy to combat drug trafficking.

e) Maintenance of its position in defense of the geostationary orbit, which is internationally accepted as a natural resource. And, within this context, prior authorization will be required for the permanent location of "artifacts" over the Colombian geostationary segment or arc, and protests will be made against any rights claimed by other nations to place satellites over our territory.

5.2. Inter-American System and Hemispheric Relations

The liberal sector contributed decisively to the establishment and organization of the inter-American system. Unlike other international organizations, including the United Nations, its members are on an equal footing, and none has a veto right. Also, it is equipped with the juridical and economic tools and permanent norms needed to achieve joint objectives for the continent, such as peace, defense against threats from outside the continent and economic collaboration. This multilateral system, despite its gaps and weaknesses, has served to prevent or resolve conflicts, without great delay and using procedures accepted by all of its members.

Under the direction of the Liberal Party, Colombia must contribute to overcoming a limited concept of its hemispheric relations and to rebuilding a truly continental policy, using the following guidelines:

a) Committing the United States to a policy of peace and economic equity for the continent, within the framework of the organization to which it belongs, and whose multilateral decisions it has promised to respect.

b) Revision in depth of the legal and operational mechanisms and methods of the inter-American system, in order to rise above the crisis and avoid efforts to replace or invalidate it.

c) Providing the system with a truly continental organization, which the liberal sector has always urged, through the incorporation of Cuba in the community of nations to which it historically belongs, along with Canada and the independent nations of the Caribbean basin.

d) Support of the right of the Central American peoples to pursue their policies of economic, social and political transformation without any type of foreign intervention, particularly that of a military sort, and assistance in the efforts to facilitate understanding between the parties in conflict in the region, with a view to finding political solutions to the serious situation of conflict faced by the Central American region.

e) Establishing closer relations between Colombia and the countries in the Caribbean basin, of which it is a part, such as to promote more active trade exchange and to contribute to the improvement of living conditions in the region, through the implementation of programs like that launched with Colombia's support of the Caribbean development bank and its entry into the Nassau Group.

f) Proposal of suitable mechanisms for dealing with the differences with Venezuela concerning maritime and underwater areas, in view of the fact that direct negotiations for 15 years have not been productive, with recourse, in a spirit of maintaining the traditional relations of friendship and cooperation with Venezuela, to the methods of peaceful solution of disagreements for which international law provides.

5.3. International Economic Relations

The country now needs, as in no other era, an active and coordinated international economic policy, in order to defend its interests in view of a world situation characterized by great difficulties, to take maximal advantage of the benefits of international cooperation, and to contribute to the search for a "new international economic order."

The drop in the prices of raw materials, the reduction in international trade, the aggressive protectionism of the industrialized nations and the excessive indebtedness of certain countries, which have caused weaknesses to develop in the international financial system, are problems which have profound effects on our economic structure, and which require of the nation a great capacity to negotiate and to make its presence felt in the credit forms and bodies in order to obtain more favorable terms of trade, to improve and stabilize prices for products such as coffee, the fundamental base of the economy of our country, as well as sugar and exportable ores, to manage the foreign debt, to defend ourselves against discriminatory preference systems and to obtain new financing for development.

The activities of the multinational companies in the developing countries and the revolutionary process of transferring technology to them also demands a foresighted policy on the part of our country, given the new factors which affect its free determination.

The liberal sector will adopt policies with regard to the international economic relations of the country which are guided by criteria such as the following:

a) Full exercise of its rights in the international credit bodies of which Colombia is a member, such as the International Monetary Fund, the World Bank and the Inter-American Development Bank, which were established to aid countries in correcting the financial imbalances in their economies and to contribute to the financing of their development, without the now-outdated dangers of surrendering or minimizing sovereignty.

b) Definition of terms of negotiation with the multilateral credit bodies which do not limit its independent ability to establish its own policies and procedures for foreign exchange, monetary, fiscal and tariff administration, as it has traditionally done. It will thus be possible to prevent the application of recessive policies and to avoid demanding excessive effort from the popular classes, like those characteristic of the conservative government in this present emergency, in terms of higher taxes, reduced subsidies, increased public service rates, higher fuel prices, accelerated devaluation and wage adjustments below the inflationary indices.

c) Defense of the country against undesirable foreign capital activities through such procedures as the entry of Colombia into the Overseas Private Instruments Corporation (OPIC), which was created to insure U.S. capital risks abroad, and which removes court proceedings on disagreements with the foreign companies which are covered from the jurisdiction of the domestic courts.

d) Promotion of the Andean pact, which is gaining special new importance in view of the relatively discouraging short-term prospects for the world economy. It will be necessary to look to the Latin American market for our manufactured products, and within this context, integration becomes a basic strategy for the country. The Andean Pact, in turn, because it is a structure for average countries, has in the past shown its potential for expanding the market for our more sophisticated industrial products, such as those of the metalworking industry.

To obtain these benefits, it will be necessary to resolve the conflicts among the similar production branches in the different signatory nations of the agreement, which have hindered the plans to liberate trade. It will also be necessary to move ahead further with such plans as those for the Andean Reserves Fund and the Andean peso, in order to reduce the need to use foreign exchange in international trade.

5.4. International Relations Between the Liberal and Other Parties

The Liberal Party must continue to strengthen its relations and the exchange of ideas with other democratic parties in Latin America and on other continents, in order to enrich its programs and policies through the critical assimilation of the experience of others. In addition, in order to incorporate its theses in the progressive ideas of modern democracy, it will strengthen or establish relations with the social democratic parties in other countries, directly or through the Socialist International.

These general principles will serve as the basis for the drafting of the concrete programs the Liberal Party will implement in government, which are being prepared by the pertinent work groups.

Virgilio Barco, National Director
Colombian Liberal Party
Bogota, D.E., 4 December 1985

5157

CSO: 3348/318

COLOMBIA

DISADVANTAGES SEEN TO 2-YEAR MAYORAL TERM

Bogota EL ESPECTADOR in Spanish 29 Dec 85 p 10-A

[Article by Enrique Penalosa Londono]

[Text] It is unfortunate that congress has yielded to the pressure of a political group, setting the term for mayors at only 2 years. One of the objectives of the election of mayors was precisely to end the instability that impeded consistent government programs. The election of mayors is an advance for democracy, but a period of 2 years is very undesirable for efficient administration. There is no technical justification for this ridiculous decision that now becomes part of Colombian folklore with costly implications for national development.

Another inexplicable clause in the new law prevents congressmen and municipal councilors in office from becoming candidates for mayor. With that logic, a congressman should be prohibited from becoming a candidate for the presidency of the republic.

The election of mayors strengthens Colombian democracy. In different countries in the world, it has been demonstrated that the citizenry participates more in local elections than in national elections. Different from the possibly esoteric discussion of the economic policy and other national matters, the local situation can be assimilated and discussed properly by all citizens. The election of mayors will unquestionably entail a process of political education of the citizens who will become more aware each day of the options for the development of their community.

For the left, the election of mayors represents the challenge of assuming leadership in some municipalities. It is harder but certainly more interesting than being constantly in the opposition. In countries like France, the Communists repeatedly win the local elections in municipalities where they lose the national elections. The citizens simply appreciate the honesty and administrative ability of some Communist leaders and elect them as mayors but do not support Communist ideology.

Despite the political advantages of the election, a mayor can do little in a period of only 2 years. The development of important programs requires at least a year of preparation. In the next 3 years it would be possible to implement them. Two years is not enough time to carry out major projects. Such a short period makes one think only of minor projects.

General Biennial Sweep

The situation becomes worse since an absolute majority is not needed to be elected mayor. Many will become mayors with 20 or 30 percent of the vote. If the term of government were longer, it would be more feasible to reach agreements with the municipal councilors to promote specific programs. With such a short period, the municipal councilors will only be thinking of the next election and will probably not collaborate with a mayor from a different political group.

For many reasons like the fear of being dismissed, the public administration will enter lethargic periods between the election and the time the new leaders take office. Elections every 2 years will mean a quasiparalysis of the municipal administration for 6 months every 2 years or 25 percent of the time. Changes in the leadership of all the municipalities every 2 years will not help strengthen the institutions and their efficiency.

Apparently, opposition to electing mayors for 4-year terms came from the fear in those who are in the minority in the large cities. They felt that, by limiting the period to 2 years, they would limit the possibility of former mayors of large cities becoming powerful politicians. It is a shame since that administrative seasoning of political leaders would be good for the country. Colombia might have avoided some presidents that it has suffered if it had known beforehand about their administrative inability. Also it is good for mayors who demonstrate good administrative ability and civic leadership to use this as a platform for political advance.

Instead of strengthening good administration, the new legislation encourages sterile politicking. Hopefully, it will not take long before the legislation is reconsidered and the term for mayors expanded to 4 years.

7717

CSO: 3348/350

COLOMBIA

LIBERAL, CONSERVATIVE CANDIDATES DELIVER NEW YEAR'S MESSAGES

Bogota EL ESPECTADOR in Spanish 27 Dec 85 p 5-A

[Text] Demands Guarantees

Virgilio Barco, candidate for government liberalism, said in his New Year's Message on the Senate television program: "We cannot continue to live in a state of war."

Barco demanded that the government guarantee security for the life, honor, and property of the Colombians in order to construct a just and prosperous fatherland.

He stated that it is necessary to end the anarchy in the country, fight the causes of the violence that spreads like a cancer, and return to the reign of the Constitution and the laws.

The presidential candidate recognized the courage and the integrity of the Colombian people to overcome the problems experienced in a tragic year for the country. He said that, facing these adverse events, "Colombia has again shown its ability to overcome misfortune."

Dr Barco said the time for mourning is over. It is necessary to begin the New Year with faith, optimism, and the determination to rebuild Colombia.

He stated that the main objective of his government will be the creation of jobs. He recalled that he has toured Colombia and has seen that this is the most heartfelt need of the country.

Barco emphasized: "But employment is not possible if there is no peace."

The Senate television program offered 5 minutes for each candidate to send his message to the Colombians on the eve of the 1986 campaign. It will begin in the second week of January.

Conservative Hope

The conservative candidate, Alvaro Gomez Hurtado, used his speech on the Senate television program to ask the Colombians to keep their faith in the future of the country. He stated that the prospect of convoking national energies around attainable objectives of development and peace excites him. Gomez briefly evaluated current features and said that it is true that the year has had dark moments.

The conservative candidate stated: "In the midst of adversity, it was possible to organize the economy so that it served as a basis for a prospectus for development in order to eliminate the enclaves of poverty that afflict the Colombian people so much."

Dr Gomez revealed that the experiment in handling violence has been hard but beneficial. He added: "Peace has been sought with unquestionable merit and no little risk, using all the persuasive and generous means so that the armed rebels agree to participate in the democratic administration of the country. Enough time has passed and the results are unsatisfactory. We are not going to rashly declare an experiment over when there are still possibilities of victory. We are sure of one thing: the country has had a very valuable experience in an important field. The knowledge acquired with so much sacrifice must not be lost. Facing violence and terrorism, the public today has a number of elements of judgment that will permit it to take a valuable critical position toward the new events that disturb the peace."

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CSO: 3348/348

COLOMBIA

NEW LIBERALISM: NO ALLIANCES WITH NATIONAL GROUPS

Bogota EL SIGLO in Spanish 27 Dec 85 p 1

[Article by Dario Hoyos Hoyos]

[Text] Senator Luis Carlos Galan Sarmiento did not let the year end without explaining a situation that cost him the withdrawal of several of his friends from New Liberalism or that at least served as a pretext to place them under other umbrellas. One example is Marino Rengifo Salcedo who is now one of Barco's fervent supporters in Valle del Cauca.

Suprapartisanism was not a good strategy. When the candidate "flirted" with people of the Patriotic Union or at least agreed to dialogue with them, there was concern in Galanism.

Facing a number of stories, New Liberalism decided to publicly announce that it will not form alliances with national groups, only with regional civic organizations "as long as there is agreement on the basic points of the political proposal" of that movement.

While all the above was happening, it seems that senator Guillermo Plazas Alcid was determined to ally "with the devil himself" in Huila to try to save his parliamentary seat, now in danger.

A few days ago, the former ambassador to Moscow resigned from the executive general secretariat of government liberalism in order to be able to act freely in the politics of his department.

A few weeks ago we had commented to the dynamic senator that one of the reasons his electorate in Huila changed was that he left it in the hands of some "lieutenants." While he was in the embassy, they became generals.

Guillermo Plazas Alcid has maintained that what is happening with the guerrillas in Colombia is a reflection of what is happening with the two large world powers. He will now join the Patriotic Union which is the disarmed(?) branch of the FARC [Revolutionary Armed Forces of Colombia]. Consequently, they will make a joint list for public positions.

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CSO: 3348/348

COLOMBIA

CHAMBER HEAD URGES BALANCE AMONG GOVERNMENT BRANCHES

Bogota EL TIEMPO in Spanish 17 Dec 85 p 8-A

[Article by Jesus Medina S.]

[Text] Chamber President Miguel Pinedo Vidal has warned that the process of social, economic and moral deterioration may contribute to authoritarian tendencies in the country, and he spoke out for a balance of the three branches of government in order to preserve democracy in Colombia.

Pinedo Vidal also harshly criticized the economic management of President Belisario Betancur and guaranteed that "the anonymous grey stain of unemployment is moving into rural areas and the cities in vast waves growing ever larger. We now have 1.2 million unemployed."

Pinedo Vidal spoke at the closing session of the last regular session of the Chamber.

"The Liberal Party and the progressive and antimilitarist sectors of the Conservative Party have to avoid the possibility that the process of social, economic and moral deterioration in the country will disastrously strengthen authoritarian trends that might prevail as a result of the general disorder," he claimed.

He added that "today more than ever, it is vital to maintain the balance between the three branches of the government in order to preserve democracy because a certain way of meeting a given type of subversion might lead to the stimulation of a different kind of subversion."

He emphasized Parliament's contribution to the democratic system and emphasized the election of mayors as the most important reform of this century, inasmuch as it is an invaluable instrument in decentralizing power without disarticulating it and promoting citizen participation.

He said that Congress has worked hard these past 4 years in favor of democracy, citing the example of the handling of the party statute and pardon, but he noted that it has not been "understood by different sectors of national opinion and backed by the Executive Branch with uncustomary urgency."

He also reviewed the 4 years of this legislative term and asked "political parties to become involved in the democratic opening without fear of dialogue or judgments."

Loyal Liberalism

He recalled that liberalism has been loyal to its tradition of fighting for sound money and has helped President Betancur to overcome fiscal problems.

He repeated that liberalism has not given up its supervisory function and claimed that mistakes made by economic authorities have led to the disastrous monetary situation.

He rejected government claims that "it will leave the house in order" and maintained that the next administration will have a hard task ahead leading the nation out of the most serious crisis it has faced in its history."

He added that the situation in Colombia in the strictly economic field is not at all promising, while the country continues to await the recovery of our economic system, normalization and rehabilitation of the financial sector, the solution to problems of marginal areas, reorientation of public spending, a reduction in interest rates and a systematic attack on the structural causes of violence.

After emphasizing the approval of 50 bills, he said that every action in the immediate future urgently requires new initiatives and direct changes. Politically speaking, there must be a democratic opening. Economically speaking, various matters must be taken up simultaneously, such as industrial and agricultural production.

He referred to wages, noting that it will continue to be touch and go with indigency as long as there is no effective control of the wild devaluation of our currency with respect to the dollar.

In the international field, he asked for a reform of the OAU and the existence of the Contadora Group. He then turned to the foreign debt, noting that "the fact that our debt is the smallest is no consolation."

In addition, he said that service on the foreign debt will continue to impose sacrifices on Colombians; meaning that "social explosiveness is counting down to 0."

"The economic and social picture facing the new administration is grim due to uncontrolled devaluation, the drop in reserves, the fiscal deficit, reduced value of wages, the lack of security and loss of human values, terrorism, and so on."

11,464

CSO: 3348/349

COLOMBIA

FINANCIAL SYSTEM BACKUP FUND APPROVED BY CONGRESS

Bogota EL TIEMPO in Spanish 17 Dec 85 p 11-A

[Article by Carlos Pineros]

[Text] Congress yesterday ruled out any possible de-Colombianization of banks or opening for foreign investment to broaden their participation in them.

At the same time, it approved the establishment of the Financial System Guarantee Fund through which the government hopes, under less difficult conditions, to meet the crisis afflicting the system.

The government, which had proposed the de-Colombianization -- the possible purchase of the entire system by foreign investors -- observed that in the future, the entire effort to inject capital into the banks and financial middlemen will have to be the country's own responsibility.

Initially, the government had proposed the de-Colombianization. Then, the backer of the proposal, former liberal minister and senator Victor Renan Barco Lopez, deemed it wiser for every bank to preserve the control of nationals with 51 percent of their ownership. Finally, Minister of Finance Hugo Palacios Mejia proposed that foreigners might own up to 49 percent of the entire system rather than entity by entity.

The minister's position, contained in his second proposal, was welcomed by the Senate, but yesterday, when the bill came before the Chamber's Third Committee, former Minister of Finance Hernando Agudelo Villa announced that he would vote against the de-Colombianization on the basis that small banks would remain in foreign hands.

Representative Cesar Gaviria Trujillo and the representative of New Liberalism, Gabriel Rosas Vega, agreed with his concern. Gaviria defended the formula of Barco Lopez and Rosas Vega hinted at the introduction of a more precise bill on the matter.

Palacios Mejia then held a brief meeting behind closed doors with several members of Congress. Finally, the backer of the bill in the Chamber, Conservative German Villegas, took as his own the suggestion to do away with the respective article of the proposal and it was eliminated, without being submitted to a vote.

The minister emphasized that in order to face the crisis, the government had two possibilities: liquidating institutions with problems and leaving risks up to the creditors or protecting savings and creditors.

"There is not the agreement that the government would like" in order to have foreign capital participate in the task, Palacios Mejia observed.

Guarantee Fund

Within the scope of the Fund is its access to monetary emissions in order to inject capital into financial institutions in trouble and its presence as the recuperator of assets before liquidation or nationalization.

The Fund can temporarily participate in the ownership of firms in trouble, create insurance on deposits, and its legal representation will be in the hands of the manager of the Bank of the Republic.

The new entity will be able to buy the portfolio from financial middlemen, help them to recover their money, promote the merger of entities and reduce the price of shares in enterprises in difficulty in order to reflect their real situation in those quotations.

The proposal will now go to the president for his approval before turning into law.

The Fund is created as an ideal instrument for meeting the crisis in the system, signed by a debt difficult to collect totaling over four times the capital, and for serving as a reserve for the entities comprising it.

In order to obtain the quorum so that the Congress would approve several proposals yesterday invited Pablo Escobar and Carlos Nader to the sessions. The two are accused of ties with narcotics trafficking. It also invited Gustavo Mendieta Casteblanco, now deceased.

The invitations were by telex from the Ministry of Finance to communications centers of Congress and read as follows: "You are cordially invited to attend the special session of the Chamber on Tuesday, the 17th, for consideration of the National Guarantee Fund bill. Transportation may be arranged with Dr Jaime Garay by telephoning the Ministry of Finance at 2864196 or 2855510. Thank you for your consideration. Hugo Palacios Mejia, Minister of Finance."

Sources in the House of Representatives speculated that the ministry's error may have stemmed from the failure to update lists of congressmen or a lack of information.

11,464

CSO: 3348/349

COLOMBIA

300 MILLION PESOS TO BE SPENT ON PAPAL VISIT

Bogota EL SIGLO in Spanish 27 Dec 85 pp 1, 3

[Text] Bogota will invest about 300 million pesos in repairs and projects to welcome His Holiness, John Paul II, who will visit Colombia in July 1986.

The Pope will preside over a youth rally at the El Campin Stadium so its structure will be reinforced with an investment of 100 million pesos. There will be another rally with workers in Parque El Tunal where repairs totaling 170 million pesos will be carried out, financed by the district and Central Mortgage Bank.

Reinforcement of the structure of El Campin Stadium was included in the budget after a study determined the need because of cracks and shakiness caused by urine acids.

The Parque El Tunal needed help from the Ministry of Public Works and the district government in general since its green areas and playground equipment were neglected and criminals had taken over the place.

The manager of Central Mortgage Bank, Mario Calderon, said that his bank will contribute 30 million pesos to fix up the park since it is very close to the Ciudad Tunal housing plan built by the bank. He added that the district will be responsible for financing the rest of the work which includes gates, barriers for crowd control, fixing up green areas and bathrooms, and constructing a platform.

Projects

The main celebration of the Pope's visit will be held on a 100-hectare lot on the north side of the Transportation Terminal with access from Avenidas Boyaca, 68, and Eldorado. A Mass and Pontifical Blessing will be given for more than 2 million people.

Internal routes will be built on that lot and a platform will be constructed for John Paul II to preside over the religious ceremony.

Mayor Diego Pardo Koppel who heads the committee for the Pope's visit to the capital explained that the Eucharistic Temple (main scene of the visit by Paul VI in 1968) would not be used. The Ministry of Public Works has made a large investment in the construction of Parque Simon Bolivar and it would very probably be destroyed given the number of people who will come to Bogota to see and hear John Paul II.

7717

CSO: 3348/348

COLOMBIA

DISASTERS ENGENDER 12 ECONOMIC EMERGENCY DECREES

Bogota EL ESPECTADOR in Spanish 28 Dec 85 pp 1-A, 10-A

[Excerpt] Based on the special economic emergency, the government yesterday issued 12 decrees defining policies to take care of the situation in the country after the tragedy in Armero and the takeover of the Palace of Justice.

The Executive Branch dictated provisions covering the reconstruction of real estate registers, civil registers, and documents from the Armero Notary Office, the procedure to officially declare the death of people missing after the Palace of Justice takeover and the eruption of Nevado del Ruiz, the procedure to add to the budget, the forgiveness of mortgage debts, tax laws, payment of obligations by financial institutions, reconstruction of proceedings in the Council of State, tax incentives for people who donate aid, liquidation of estates, and reconstruction of civil proceedings.

Following are summaries of those provisions.

Reconstruction of Documents

Decree No 3808 provides that the documents from the Armero Notary Office will be reconstructed by request.

The person interested in the reconstruction must present to the Armero Notary Office an authenticated copy or photocopy of the document that he wants to reconstruct.

Copies will be issued free, according to the decree. It adds that after the authenticated copy or photocopy is received, the notary will verify that it replaces the original and will incorporate it in the documents for the appropriate year.

Laws on Registration

The second decree, No 3809, provides that the civil registers for the territorial district of the municipality of Armero will be reconstructed by the officials in charge of this service by request.

It adds that the person interested in the reconstruction must present an authenticated copy or photocopy of the registration or certificate that he possesses. If it is not authenticated, it will be presented with a sworn written statement. The signature will be understood to imply that the data on it correspond exactly to the identity of the registered person.

Registration, reconstruction, and issue of the first copy will be free, according to the decree. It adds that the civil register officials where the petitioner resides will be permitted to do the reconstruction and new registration for 1 year.

Background documents and proceedings stemming from this decree will be filed where the registration takes place and will be submitted to the Armero Civil Register Office in the form and within the term determined by the Notary and Registration Superintendency.

Property Registration

The third economic emergency decree, No 3810, provides that property registration for real estate located in the territorial district of the Armero Office of Registration of Public Instruments, Tolima Department, will be reconstructed by request.

This reconstruction will be done based on the documents at the Notary and Registration Superintendency and notes on the history of the property at the Municipal Cadastre and the Agustin Codazzi Geographic Institute.

The interested party will accompany his request for reconstruction with the certificate of release and history that he has or a complete history of the property for the past 20 years.

Missing Persons

Tonight the national government, through the economic emergency, established the procedure to officially declare the death of people missing as a result of the takeover of the Palace of Justice and the volcanic eruption of Nevado del Ruiz.

It issued Decree No 3822 which indicates that any person who has a legitimate interest can, directly or through an agent, present to the appropriate municipal civil judge or the municipal judge where he resides the report on the disappearance, attaching--if possible--a birth certificate, identification document, or any other document that can be used as circumstantial evidence to establish the existence of the missing person and also summary evidence of the presence of this person at the scene of the tragedy.

When the interested party is a minor and his legal representatives have not been found or are among the missing, the Colombian Family Welfare Institute will assume legal representation to carry out this procedure.

Procedure to Add to the Budget

Decree No 3823 establishes a special procedure to add to the budget and transfer 157,188,763.70 pesos from the expenses and investment budget of the Ministry of Public Works.

It indicates that this ministry, the National Highway Fund, the National Fund for Connecting Roads, and the National Building Fund will determine how much of the national budget received from the National Treasury is not committed or does not constitute a cash reserve or appropriation. This amount will be

certified by the General Comptroller's Office of the Republic as resources that can be used to cover additional credits.

With those resources, the government will provide supplemental or extraordinary credits to the 1986 budget allocated exclusively for public projects in the zones affected by the eruption of Nevado del Ruiz.

The resources found by these organizations will remain in their treasuries and will be used through the issue of drafts without placement of the funds.

The same decree opens additional credits in the budget of the Ministry of Public Works with the following allocations: District No 5, Manizales 1, 66 million pesos; District No 8, Bogota, 25,188,763.70 pesos; and District No 17, Ibague, 66 million pesos. These entries correspond to operational expenses and routine conservation in the investment budget.

Forgiveness of Mortgage Loans

The national government, through Decree No 3824, authorizes decentralized national entities to forgive mortgage debts on property in the zone affected by the volcanic eruption of Nevado del Ruiz.

This economic emergency provision indicates that the request can be presented by the debtor or his spouse or relative within the fourth degree of consanguinity, affinity, or civil union.

Also the National Savings Fund is authorized to grant credits with special conditions to public officials affiliated with the entity who have survived the disaster, or their spouses or relatives.

The National Savings Fund was allocated 600 million pesos for this objective.

Tax Laws

In the proceedings on income and complementary taxes that taxpayers had initiated and which came before the Council of State on 6 November 1985 by appeal of the preliminary decision, the plaintiff can opt to continue the proceedings or end them.

This is stated in Decree No 3826 issued tonight by the national government under the economic emergency decreed because of the takeover of the Palace of Justice and the volcanic eruption of Nevado del Ruiz.

The provision indicates that taxpayers who opt to end the proceedings will be excused from paying interest and 50 percent of the tax and sanctions in question as long as they comply with the following requirements, among others, before 8 April 1986:

- 1) Prove payment of the private settlement which the taxpayer hoped to recover from the government.
- 2) Prove payment of 50 percent of the difference between the amount owed as set by the court in the decision and the amount alleged by the taxpayer. If the court did not change the administrative decision, the taxpayer must prove

payment of 50 percent of the difference between the amount owed as set by the administration and that stated in the claim.

3) Prove payment of his income taxes and complementary taxes corresponding to the 1984 tax year.

4) Attach to the petition showing that the taxpayer agrees to end the proceedings a series of documents including a copy of the decision appealed, an authentic or authenticated copy of the court proceedings, and authentic copies of the claim, the petition for appeal, and the documents that prove the existence and representation of the plaintiff.

Payment of Obligations by Financial Institutions

Decree No 3827 sets the norms for payment by financial institutions to their creditors residing in the city of Armero based on the statement for the offices of these entities in that city.

The provision indicates that once the list of creditors is published, legal or natural persons not included on it who feel they have a right to be included must present a written claim within 6 months from the date of publication.

It also states that deposits of up to 1.1 million pesos in the form of term deposits, savings accounts without interest, bank checking accounts, and savings accounts made before the disaster of Nevado del Ruiz by people deceased or missing as a result of that eruption can be handed over directly, without an estate hearing, to anyone who proves he is the surviving spouse, common-law companion, or closest relative.

In the event that several beneficiaries come forth, the deposits will be paid jointly to all of them.

Reconstruction of Proceedings in the Council of State

The government issued Decree No 3825 to dictate measures on the reconstruction of proceedings that the Council of State heard which were destroyed during the takeover of the Palace of Justice in this city.

According to the first article of the law, the plaintiff has until 30 April 1986 to ask the Council of State that heard the case in writing, through an agent, that it be reconstructed. In a simple nullity case, the request can be made by the plaintiff himself.

The substantiation officer will send the request for reconstruction to the other party involved. That party has 10 days to reveal what he considers pertinent about the petition in writing and under oath and the grounds for this and attach the copies he has in his possession.

If there is no statement by the defendants within this period, it will be assumed that they agree with the petition by the plaintiff.

According to the provision, after the deadline expires, the substantiation officer will decide on the reconstruction of the file. If he decrees it, he will say which documents and proceedings are considered authentic and will order the attachment of an authentic copy of those missing or, after examining

the contributed evidence, will decide on it and on the status of the case. From then on, it will be subject to the rules of the pertinent procedure.

If the reconstruction of the files to which the corresponding article refers is not requested by 30 April 1986, any person can ask that the process be decreed terminated by abandonment as long as he can prove his interest, the existence of the case in the Council of State on 6 November 1985, and its disappearance.

The plaintiff in the proceedings to which the first article refers can choose between reconstruction and reformulation of his claim. If he opts for the latter, he must present the claim before 30 April 1986 accompanied by proof that he had made it before 6 November 1985 and it was destroyed or lost. In this case, the expiration date for the action will not apply.

Tax Incentives for Those Who Donate

Decree No 3830, issued through the economic emergency, provides that taxpayers who have made or make donations to the "Arise" Fund or the Rotating Fund of the Ministry of Justice will benefit from the tax discount included in Article 94 of Decree No 2053 of 1974 for 45 percent of the value of the donation.

The same discount will be given to taxpayers who make donations in cash or in kind between 13 November 1985 and 31 December 1987 to those hurt by the volcanic eruption of Nevado del Ruiz or as compensation for damages.

To receive the discount for donations, the taxpayer must present with his declaration of income and complementary taxes a certificate from the recipient, either "Arise" or the Rotating Fund of the Ministry of Justice, verifying the form and amount of the donation.

The decree also provides that "for the 1985 and 1986 tax years, property affected by the volcanic eruption in the zones specified by the Agustin Codazzi Geographic Institute will not be subject to presumption of income as in Article 15 of Law 9 of 1983 or income from use under Article 70 of Decree No 2053 of 1974."

The income from that property will not be subject to presumption of income.

Liquidation of Estates

Decree No 3828 dictates laws on the liquidation of the estates of those who died in the Nevado del Ruiz disaster. It establishes that the estates of such persons can be liquidated by a notary, no matter what their value, as long as all the heirs and the surviving spouse are fit and proceed together through an agent who must be a lawyer.

The decree establishes seven procedures for a notary to liquidate the estate. They include the fact that the liquidation must be requested from the notary of the last residence of the deceased in national territory. If he had several at the time of his death, it must be the notary from the main location of his business.

The petition must include a sworn statement that the death of the owner occurred because of the Nevado del Ruiz disaster.

If other assets of the person or marriage appear after this authorization has been granted, the interested parties can request adjudication or participation in those assets from the same notary who will issue a public writ.

If there is discord among the interested parties during the liquidation or between them and third parties presented to validate their rights, the notary will return the proceedings to the petitioners, verifying that situation.

Reconstruction of Civil Proceedings

Decree No 3829 establishes measures for the reconstruction of proceedings in the Supreme Court of Justice, indicating that the reconstruction of files of civil proceedings that were destroyed in the events on 6 and 7 November 1985 will be subject to the rules contained in Articles 133 and 134 of the Civil Procedure Code.

It states that the substantiation judge can commission the circuit criminal court judges appointed by the respective sectional directorate of the Criminal Court to carry out this reconstruction.

The people who participated in the proceedings being reconstructed can participate again by showing documents that verify this. The agent of the Public Ministry will also participate without affecting the prerogatives of the attorney general of the nation. The deadline for this reconstruction will be 6 months if the accused is in prison and 12 months if the accused was not imprisoned. These terms will start with the writ that orders the reconstruction.

The decree also establishes that the deadline for prescription of action and for punishment will be extended for a year in the proceedings that must be reconstructed, following the norms of the Penal Code.

Another norm refers to people imprisoned in proceedings that were being heard in the Criminal Appeals Court on 6 November 1985. They will remain in prison based on the arrest warrant or the preliminary or secondary sentence that was dictated.

In the extradition cases that were being heard in the Criminal Appeals Court which disappeared on 6 November, the respective government must present a new request. If the accused was arrested, he will be released if the respective government does not present a new request for extradition within the term indicated in Article 742 of the Civil Procedure Code starting with the date this decree goes into effect.

The provision also indicates that the norms on reconstruction of files will not apply to proceedings that had been decided by the Criminal Appeals Court before 6 November 1985 as long as that decision put an end to the proceeding and the context of the decision or writ is proven. It can be verified with ordinary means of proof.

7717

CSO: 3348/350

COLOMBIA

TWELVE MILLION BAGS OF COFFEE IN STORAGE

Bogota EL TIEMPO in Spanish 26 Dec 85 p 8-B

[Text] Colombia has 12.1 million bags of top-quality coffee in stock to meet its export requirements to the international market. This was certified by the London firm of J. H. Wiggins for the OIC [International Coffee Organization].

The country has another 212,740 bags but their quality makes them unexportable, according to FEDECAFE [National Federation of Coffee Growers]. It announced that firm's certification of Colombia's stocks.

The reports and figures from J. H. Wiggins refuted statements by some coffee leaders that between 4 million and 5 million bags of the stock Colombia says it has are not of exportable quality. In that case, its real inventories would be reduced to 7 million sacks.

The proven stock of coffee totals 12,315,846 bags of 60 kilos each with 98.27 percent exportable and 1.73 percent unexportable.

Certification of the amount of coffee Colombia has in stock has been accepted by the OIC. This places the country in a privileged position to meet the demands of the international market if all the coffee is released because of the top prices being recorded.

Private exporters have barely 790,461 of the more than 12.3 million bags. The rest belongs to FEDECAFE and are in ALMACAFE warehouses throughout the country as follows:

Valle del Cauca, 3,382,000 bags; Antioquia, 2,841,000 bags; Cundinamarca, 1,246,000 bags; Caldas, 979,000 bags; Santanderes, 980,000; the Atlantic Coast, 751,000; and other regions, 1,426,385 bags. All are 60-kilo bags.

A report released by FEDECAFE stated that ALMACAFE now has 77 warehouses of its own and has long-term leases on 96 others for a total of 173 warehouses with 430,000 square meters of area. It has also rented 160,000 square meters of warehouse space from other warehouseers for a grand total of 590,000 meters. This space is used to hold coffee, agricultural stocks, and fertilizer.

Prices

International prices for coffee will continue to rise the rest of the year, according to spokesmen from the sector. Colombian coffee for immediate and future delivery is priced at more than \$2.10 per pound.

The behavior of the prices was examined by the Foreign Trade Executive Council at its last meeting. A document from INCOMEX [Colombian Foreign Trade Institute] indicates that those prices changed slightly at the beginning of December, according to export registers. They reached \$1.39 per pound compared to \$1.32 in the period from January to November 1985.

7717

CSO: 3348/348

COLOMBIA

BRIEFS

ITALIAN AID EQUIPS TECHNOLOGICAL CENTER--The Bogota region will have a modern training center for designers of metalworking products and processes using computerized machines and tools. An international technical cooperation agreement to assemble this center was signed between Colombia and Italy. SENA [National Apprenticeship Service] was awarded the contract to train the designers. The center that will be installed in the Industrial Technicians headquarters in Bogota will be equipped by the Italian Government with the machines and equipment required by modern technology. Therefore, an Italian mission had to visit in order to verify the technological infrastructure of SENA and the business sector. A Colombian mission went to Italy to select the equipment and agree on the training plan for 12 instructors who will be in charge of the training process. This committee was formed by engineer Gamaliel Ospina of the general directorate; Roberto Lamton, representative of FEDEMETAL [Colombian Metallurgical Federation]; and Misael Arevalo, assistant manager of the industrial sector. According to Arevalo Sanchez, the selected equipment will be installed under the modern concept of work islands--that is, the machines are not conceived of independently. He indicated that this will allow greater production efficiency and a better product quality. One really interesting part of Misael Arevalo's report is related to the presence in the work island of a robot with 36 movements. It has a quality control, accounting, and tool standardization system as well as a Cadcam computer system. Its basic function is to make parts and transfer them from one machine to another. This phenomenon of advanced technology would put the center in first place compared to the other two in the world, according to assistant manager Arevalo Sanchez. The official added that the presence of this equipment means the country can confront modern technology since it is necessary to be on a technological level to compete with other developed countries in the production of capital goods. [Text] [Bogota EL ESPECTADOR in Spanish 3 Jan 86 p 2-B] 7717

VIII BRIGADE COMMAND CHANGES--Armenia, 2 Jan--At a ceremony scheduled for 1100 hours on Friday, 3 January, command of the 8th Brigade in Armenia will be taken over by Brig Gen Alfonso Vacca Perilla, who will replace Brig Gen Flavio Jimenez Sanchez, now under intensive care in Bogota for serious health problems. Brig Gen Vacca Perilla will make a complete review of the situation of public order in the region following the acts of violence that affected the battalions belonging to the 8th Brigade Command in 1985. [By Gonzalo Uribe A.] [Excerpts] [Bogota EL ESPECTADOR in Spanish 3 Jan 86 p 7-A] 11,464

NEW EXECUTIVE DIRECTOR OF CAR NAMED--Boyaca attorney and economist Juan Enrique Nino Guarin has been appointed as executive director of CAR [Bogota Plain and Ubaté and Chiquinquirá Valleys Autonomous Regional Corporation]. He now serves as general administrative director of Civil Aeronautics and in his new post with CAR, will replace the current mayor of Bogota, Diego Pardo Koppel. [Text] [Bogota EL TIEMPO in Spanish 19 Dec 85 p 1-A] 11,464

QUINDIO POLICE DEPARTMENT COMMANDER--Armenia--Lt Col Ismael Hidalgo Vidales has been appointed as the new commander of the Quindio Police Department, replacing Lt Col Rosso Jose Serrano Cadena. The new commander graduated in law from La Gran Colombia University and, among other posts, has served in the District Attorney's Office of the General Directorate of the National Police in Bogota. [Text] [Bogota EL TIEMPO in Spanish 24 Dec 85 p 3-A] 11,464

CSO: 3348/349

GRENADA

ALEXIS DENIES CHARGES OF HUMAN RIGHTS ABUSES

FL312144 Bridgetown CANA in English 1900 GMT 31 Jan 86

[Text] St Georges, Jan 31--Labour Minister Dr Francis Alexis has rejected charges from a liberal United States research group, the Council on Hemispheric Affairs (COHA) that there were serious human rights abuses in Grenada.

Alexis said the report clearly emphasizes the extent to which communist elements were distorting the truth about what was taking place in Grenada since the downfall of the leftist regime in a U.S.-led invasion in October 1983.

He described as just simple mind-boggling allegations of human rights abuse by COHA which he labelled as a Washington-based communist front organisation.

Alexis said the recent decision of the appeals court of Grenada to dismiss a request by the U.S. to have local trade unionist Chester Humphrey extradited to face gun-running charges is the biggest rebuff to those attacking the independence of the judiciary in Grenada.

COHA in a report last month claimed that civil rights violations in Grenada were fast becoming the worst in the English-speaking Caribbean with reliable accounts circulating of prisoners being beaten, denied medical attention, and confined for long periods without being able to see lawyers.

There was also a claim of Grenada's newly trained police force acquiring a reputation for brutality, arbitrary arrests, and abuse of authority, and that at least five people have died at the hands of the police during the last 5 years with no independent inquiries conducted.

Alexis spoke of Grenada now having what he called a plethora of newspapers unlike under previous regimes with every single political party from the extreme right to the far left being allowed to advocate their political views without any attempt by the government to muzzle them.

He said the report is a classical case of communist distortion of the reality in Grenada because there are no persons being held in the island under preventive detention, and an end had been brought to those arbitrary searches and arrests, as well as brutality during the rule of former Prime Minister Eric Gairy and the leftist leaders.

Said Alexis, the press, whether in Grenada, the Caribbean, or elsewhere must resist attempts by the communists to subvert them because history is clear that when the communists want to unseat a government nobody can talk about human rights abuse more than them. When they get into office, it's an entirely different matter...so let us not allow ourselves to be used and to be subterfuged by those elements, he added.

/8918

CSO: 3298/306

GRENADA

1985 ECONOMY MARGINALLY SURPASSES PROJECTED GROWTH

FL031740 Bridgetown CANA in English 2010 GMT 1 Feb 86

[Text] St Georges, Feb 1--The Grenada economy marginally surpassed its projected 3 per cent growth last year, Prime Minister Herbert Blaize said in his weekly radio broadcast last night. He said preliminary government figures put economic growth at 3.5 per cent, compared with the 1.9 per cent in 1984.

This compares favourably with the target rate of 3 per cent of GDP (gross domestic product) which was announced at the time of the 1985 budget, he told the nation.

The Washington-based IMF in its annual report had envisaged a 3 per cent growth rate for 1985, based on an acceleration in construction activity and tourism and a recovery in manufacturing.

Blaize also said that based on data received from the state-run National Insurance Scheme (NIS), some 3,751 additional jobs were provided last year, 22 per cent more than in 1984. Grenada's unemployment rate is officially estimated at 25-30 per cent of the labour force.

The prime minister said the National Economic Council (NEC) recently set up by his government to draw up a 5-year development plan for Grenada yesterday reviewed all of the major proposals submitted for consideration since its inception.

I am satisfied with the progress made to date by the council and the actions being taken to improve the economic well-being of Grenadians. It is anticipated that the full report of the NEL would be available at the time of the publication of the 1986 budget, he said.

The council, headed by Blaize, is made up of three senior government ministers, as well as representatives from interest groups such as the Chamber of Commerce and Industry, the Hotels Association, the trade union movement, and the agricultural sector.

The Grenadian leader also said that Jamaican financial expert Dr Paul Chen-Young is due here tomorrow on a 1-week assignment to advise the government on

the establishment of our own merchant bank in Grenada to help to meet the needs of our young people who want to get engaged in business enterprises.

Young people who want to set up their own business in Grenada have consistently complained of not being able to secure the necessary funds from financial institutions because of a lack of collateral.

Blaize said arrangements were being made for Chen-Young to meet with a special NEC sub-committee responsible for finding ways and means of providing medium and long term financing for economic development activities in Grenada.

Chen-Young is also to meet with representatives of life insurance companies, commercial banks, as well as other groups and individuals interested in participating in the merchant bank facility.

/8918

CSO: 3298/306

GRENADA

BRIEFS

ISRAELI AGRICULTURAL ADVISERS--St George's, Grenada, Thursday, (CANA)--Officials from the Israeli firm Agridev, which recently won a contract to help Grenada develop its exotic fruits business, start arriving here today to work on the contract, according to Agriculture Minister George Brizan. Four officials from the Israeli firm will provide technical assistance to the island in its crop diversification programme, Brizan told the CARIBBEAN News Agency. He said the Israelis would be involved primarily in extension services, agronomy, tree crop cultivation and marketing of the fruits over a 2-year period. "If needs be, we can call upon them for additional personnel in other areas," he added. [Text] [Port-of-Spain EXPRESS in English 17 Jan 86 p 37] /8918

NEW CHIEF JUSTICE--St Georges, Feb 2--Grenada's governor general, Sir Paul Scoon, has sworn in Kittitian Denis Byron as the new chief justice of the Supreme Court here. The ceremony took place Friday at the official residence of the governor general. Byron, who is on secondment from the Organisation of Eastern Caribbean States (OECS) judiciary, will preside over Tuesday's opening session of the February assizes of the high court in Grenada. Among the cases listed for hearing is one involving 19 former government and army officials accused of the murder of leftist Prime Minister Maurice Bishop during an October 1983 palace coup. Byron, an OECS high court judge, replaces Grenadian Sir Archibald Nedd who retired as chief justice in December after holding the post since its inception in 1980. Grenada established its own court system when the East Caribbean court withdrew from the island following the overthrow of former prime minister Eric Gairy. In November, a commission which looked at the 1974 Grenada independence constitution told government that the island should return to the OECS court system in the interest of regional unity. [Text] [Bridgetown CANA in English 2130 GMT 2 Feb 86 FL] /8918

CSO: 3298/306

GUATEMALA

PROPOSED CONSTITUTION GUARANTEES RIGHTS

Guatemala City PRENSA LIBRE in Spanish 18 Dec 85 p 3

[Text] The plenary session of the National Constituent Assembly (ANC) yesterday passed Title III of the Law on Protection, Habeas Corpus and Constitutionality, which deals with the constitutionality of laws.

This chapter is regarded as very important, because the Constitution of the Republic takes precedence over any law or international treaty, even though on human rights issues the international treaties and conventions that Guatemala has accepted and ratified prevail, pursuant to Article 115.

Any laws or government regulations that violate, limit, restrict or distort the rights guaranteed in the Constitution will be null and void.

When there is a specific case of unconstitutionality in any procedure that is in any stage, in cassation, or even before a ruling has been handed down, the parties may file an action, demurrer or exception with the Court of Constitutionality.

Even lawsuits against general laws, regulations or provisions that are partly or totally unconstitutional will be filed directly with the Court of Constitutionality.

These general suits can be filed by the executive board of the Bar Association through its president; by the Public Ministry through the national attorney general; by the human rights prosecutor in the case of laws, regulations or provisions of a general nature that fall within his purview; or by any individual with the aid of three attorneys who are active members of the Bar.

The delegates to the assembly consider the provision enabling a private individual to file such a suit "revolutionary," since current law requires 10 attorneys.

Among the opinions expressed at the plenary session, it was noted that the Court of Constitutionality has sovereignty in the country, and that it is above the agencies of the state. In addition, it enables the human rights prosecutor to take popular action, and allows any citizen to challenge the constitutionality of a law.

The Court of Constitutionality also serves as a legislative body, but it is just the opposite of the Legislature because it legislates by determining that a law is unconstitutional.

Law on Personal Discovery

The plenary session finished passing the last articles of the chapter on personal discovery yesterday, emphasizing that the processing of such a discovery motion does not end with the judgment upholding it.

When a personal discovery is upheld, the courts must order an investigation to determine responsibility for the alleged acts.

The provisions related to constitutional protection will also apply to personal discovery to the extent that they are relevant, at the prudent discretion of the courts of justice.

8926

CSO: 3248/150

GUATEMALA

ELECTORAL LAW TO ENSURE FUTURE OF POLITICAL PARTIES

Guatemala City PRENSA LIBRE in Spanish 18 Dec 85 p 6

[Text] "It is a great honor for me and a source of great satisfaction to be able to submit to you the Law on Elections and Political Parties, Decree 1-85 of the National Constituent Assembly (ANC). This represents the second task of this assembly," stated Deputy Hector Aragon Quinonez, current president of the ANC, upon delivering that legal instrument to the chief of state, Gen Oscar Humberto Mejia Victores.

The presentation took place yesterday during a solemn ANC session that began at 1625 hours in the Legislative Palace.

The three alternate presidents of the ANC, Hector Aragon Quinonez, Ramiro de Leon Carpio and Roberto Carpio Nicolle, solemnly placed a copy of the new Constitution of the Republic in a glass case, where it remains under lock and key as a testament to its status as the maximum law of the land, guaranteeing freedom and democracy.

Presiding over the assembly on this special occasion were the chief of state; the assistant chief of state, Gen Rodolfo Lobos Zamora; the chief justice of the Supreme Electoral Tribunal, Arturo Herbruger Asturias; Manuel de Jesus Giron Sanchez, secretary general of the office of the chief of state; the alternate presidents; and the directors of the ANC, Deputies German Scheel Montes, Juan Salguero Cambara, Aida de Rodriguez, Julio Lowenthal, and Tomas Ayuso Pantoja.

Although a protocol committee was appointed to welcome them, Dr Tomas Baudilio Navarro, president of the Judicial Agency, and the metropolitan archbishop, Msgr Prospero Penados del Barrio, did not appear.

Guests who sat in the assembly chambers and in the balcony seats included ministers of state, commanders of the military brigades, the mayor of the capital, the departmental governor, members of the diplomatic and consular corps, and leaders of the political parties.

Raquel Blandon de Cerezo, wife of President-elect Vinicio Cerezo, and Maria Mercedes Blanco de Carpio, wife of Vice-president-elect and Alternate

President of the ANC Roberto Carpio Nicolle, were special guests. Also present was Jorge Serrano Elias, who had run for president.

Session

The chief of state, accompanied by Deputies German Scheel Montes, Juan Alberto Salguero Cambara and Julio Lowenthal, entered the chamber as the martial band played the appropriate honorary music, and walked between two lines of cadets who formed a guard between the entrance to the Legislative Palace and the chamber. The band played the national anthem.

Deputy Milton Aguirre, representing the president of the Constituent Assembly, gave the official speech on behalf of that body. He began by congratulating all Guatemalans for their calm deliberations which revealed their civic and political maturity, and for achieving a successful return to the constitutional and institutional order within the context of a planned process of genuine democracy.

Milton Aguirre recalled that on 1 July 1984 the Guatemalan Army, aware of its true role in national life, invited the people of Guatemala to stand up and seek social justice and a real democracy by electing the 88 deputies who would serve in the National Constituent Assembly and thus begin the return to constitutionality.

Constitution Encased

The three presidents of the ANC entered the chamber and placed in the case a copy of the new Constitution of Guatemala, signed by all members of the assembly.

Speeches

Alternate President Ramiro de Leon Carpio briefly summed up the work done by the ANC since its installation. He stated that with the Law on Protection, Personal Discovery and Constitutionality that is about to be passed, the assembly will fulfill the mandate for which it was elected by the people.

"The ANC," he emphasized, "provides for electoral purity in the future through this new law. . . . Let us defend it. In analyzing the history of our fatherland, we may think that perhaps we Guatemalans arrived at democracy a little late. That does not matter. We are definitely here to stay, and we will fight to the death to keep it."

"This day could be called Electoral Freedom Day. We do not want our names to be remembered; we just want our work to be lasting and to be respected throughout the generations to come, because what belongs to the people has no author."

Alternate President Roberto Carpio Nicolle discussed democracy and the individual and collective efforts of many generations. He said they had struggled to achieve democracy without regard for professional, family and social sacrifices, to bring about a genuine democracy.

"Today we deposit here an eloquent fruit of collective labor, a constructive expression. It is like a fertile and dynamic continuation of the profound roots of our mythical history. We are repeating the sacred and transcendental moment when the gods, as the Popol Vuh says, joined together to make man after several failed attempts. We are the children of that tradition, and the most important events in history are the fruit of that process of celebrating counsel, search and discussion, reflection and thought."

At the conclusion of the ceremony, the chief of state left amid the honors warranted by his rank. The guests then did the same.

8926

CSO: 3248/150

GUATEMALA

UCN TO MONITOR PROGRESS OF CEREZO'S GOVERNMENT

Guatemala City PRENSA LIBRE in Spanish 18 Dec 85 p 4

[Text] The Union of the National Center (UCN) will watch the incoming administration very closely and will be ready to applaud it or to provide equable and constructive criticism. It will never just automatically oppose the government, said the secretary general of the party, Deputy Ramiro de Leon Carpio.

"Given the UCN's strong showing in the elections, it will never threaten the democracy that is costing us too much sacrifice to build. On the contrary, we will help consolidate that democracy so that in the future governments can be established to guarantee liberty and reflect the people's will.

"In this new experience that democracy and political pluralism represent for Guatemalans, the UCN has offered to serve as an intermediary without conditions to encourage all sides to meet. It is open to all ideas in a modern democracy, and is aware that the republic has now left behind all the factionalism and that it must legislate for the nation, not for a given sector.

"Jorge Carpio Nicolle, the former presidential candidate, did something that is rare in Central America and unique in Guatemalan history by congratulating his triumphant opponent. This gesture proves the magnanimity of the UCN, and I can thus state that we were great in defeat.

"Despite the results, the UCN does not consider itself defeated because it showed, notwithstanding its short history and limited organization, that it has a broad enough constituency and sufficient experience to guarantee us victories in the future. Democracy allows the luxury of alternating parties in power.

"On behalf of the UCN, I would like to extend my best wishes to the Christian Democrats and my hopes that they will be able to convey the teachings of Christ and guarantee Guatemala an unadulterated democracy while respecting Guatemalan sovereignty and the unique needs of our people."

8926

CSO: 3248/150

GUATEMALA

CEREZO ON DIRECT TAXES, BELIZE, SECURITY FORCES

Guatemala City PRENSA LIBRE in Spanish 10 Dec 85 p 8

[Excerpts] The president-elect of the country, Vinicio Cerezo Arevalo, warned yesterday that he intends to levy direct taxes, that he will search for a realistic solution to the problem of Belize, and that he will establish a government of justice. He made these statements at a press conference at the Hotel Camino Real for foreign and national journalists.

Cerezo stated that he favors imposing direct taxes "so that he who earns the most will pay the most taxes to the treasury," because only in that way can the remotest corners of the country have access to development.

He added that right now only indirect taxes are levied, and they are really passed on from the commercial and industrial sectors to consumers. The situation should not be this way any more, he said, and those who earn more should pay higher taxes.

With regard to the dispute with Belize, which dates back more than 150 years, the president-elect contended that he "will seek new, realistic solutions that are honorable and respectable."

"We recognize the self-determination of peoples, but it is necessary to give this country access to the sea, cooperation agreements, and the right to a maritime corridor. Of course, if a solution is reached, any position taken by the government will be put to a referendum of the people."

He promised to reorganize the security forces to prevent abuses and human rights violations. He explained that he did not "promise during the election campaign to nationalize the private banks or exports or to implement any kind of agrarian reform," as his political rivals had alleged.

Cerezo said that the only thing he had promised was to build a government of the people and for the people, in which there was justice, tranquility, and an end to the abuses perpetrated in the past. His government will be one of cooperation, with the participation of all sectors, he said.

8926

CSO: 3248/149

GUATEMALA

MEJIA GOVERNMENT REFUSES RECOGNITION OF BELIZE

Guatemala City PRENSA LIBRE in Spanish 11 Dec 85 p 2

[Text] "My government will refuse to the last day to recognize the independence of Belize," stated Gen Mejia Victores yesterday.

He was referring to the recent meeting of the Organization of American States (OAS), held in Cartagena de Indias, Colombia. Delegates at the meeting agreed to some reforms to the charter of that organization to enable countries such as Belize, which has a territorial dispute with Guatemala, to join the OAS.

According to news reports datelined Cartagena last week, the reforms were accepted by the OAS and even by the Guatemalan delegation, which was headed by Foreign Minister Fernando Andrade Diaz-Duran.

"This is a problem," stated Gen Mejia, "that was brought up by the Caribbean community. Unfortunately, it was put before the OAS as a whole by the Costa Rican foreign minister.

"As a result of that motion, a few more problems arose, but luckily they gave 5 years to deal with this matter. I think that during those 5 years political efforts can be made to resolve the dispute.

"The fact is, my government does not recognize the independence of Belize."

Nevertheless, the president-elect, Vinicio Cerezo Arevalo, told foreign correspondents at the first press conference after his election victory that he "will seek a way to approach Belizean and British authorities to resolve this old dispute once and for all."

"We will deal with the matter from a realistic point of view," continued Cerezo, "which will provide us with a wide corridor to the sea." He also stated that any resolution of this dispute will be put to a referendum.

8926
CSO: 3248/149

GUATEMALA

CHIXOY POWER PLANT DIFFICULTIES HINDER SERVICE

Debt Prevents Full Operation

Guatemala City PRENSA LIBRE in Spanish 12 Dec 85 P 8

[Text] Via La Cobanerita--The gigantic Chixoy hydroelectric plant is not generating all the electricity for which it was designed, in view of the \$10 million debt that the National Institute of Electrification (INDE) still owes a Japanese firm and a Swiss one, according to data obtained by this correspondent.

At present the Quixal plant is producing 60 megawatts, or 60,000 kilowatts, on just one turbine that began operating more than 2 weeks ago. The other four turbines are idle because of the aforementioned default.

Both the Japanese and Swiss companies reached an agreement for one of the turbines to begin operating without their having received the payment, so that the appropriate tests could be conducted on the 26-kilometer adduction tunnel which has been repaired satisfactorily.

On the 16th another turbine will begin functioning for a few moments, when the chief of state, Brig Gen Oscar Humberto Mejia Victores, officially commissions the gigantic, problem-plagued and controversial power plant at Chixoy.

High-ranking government officials, members of the diplomatic corps, and representatives of the international firms that helped build the hydroelectric plant have been invited to the ribbon-cutting ceremonies. The future president of Guatemala, Marco Vinicio Cerezo Arevalo, is also expected to be present.

Government 'Hiding' Damage

Guatemala City PRENSA LIBRE in Spanish 14 Dec 85 p 4

[Text] "The government is still hiding the truth about the Chixoy case and the generation of power in the country," stated Dr Mario Castejon Garcia Prendes yesterday. He asserted that the Mauricio plant blew up a few days ago, and that one of the turbines of the hydroelectric plant inexplicably ceased to function.

"The government officials have unleashed a deluge of propaganda contending that the Chixoy hydroelectric plant will continue to operate for 90 years, which contradicts the assessment of experts who believe that the repairs of the adduction tunnel were insufficient.

"These same officials have concealed the irreparable damage that occurred a few days ago at the Mauricio plant in Escuintla. That plant will no longer be able to supply the country with the 53 megawatts of power it had been generating.

"Nor have they revealed that the generating capacity of the Chixoy hydroelectric plant was limited because one of its turbines stopped working. It is clear that they want to get the project underway at all costs.

"In addition, the authorities have never answered the questions posed publicly by Rolando Paiz and myself, in which we demanded information about the quality of repairs done to the tunnel, the increase in the cost from 15 million to 57 million quetzales, and a \$50 million loan granted by the International Bank for Reconstruction and Development that is now unaccounted for.

"For this reason, on behalf of the people we demand that the Chixoy hydroelectric plant not be accepted, and that the commissioning take place on a provisional basis, with guarantees, bonds and securities to cover the cost of the entire project, not just the repairs," stated Castejon.

He also called for the reestablishment of the Auditing Commission that was in charge of determining the share of responsibility of the LAMI and HOCHTIEF companies and the IADB.

"We Guatemalans want the government to either confirm or deny the damage done to the Chixoy turbine and the Mauricio plant. Finally, we want go on record as saying that if these warnings are not heeded, the chief of state, the LAMI consortium, the auditor and the INDE experts will be responsible for the short-term situation we are undergoing as a result of the lack of power," concluded Dr Castejon.

8926

CSO: 3248/154

GUATEMALA

BRIEFS

EXPORT BANK INAUGURATED--The primary objective of the new financial institution is to channel capital toward the promotion of national production with an emphasis on exports, the source of salvation for our country. The chairman of the Export Bank Board of Directors, Venancio Botran Borja, gave a substantive speech in which he stressed the effort the Guatemalan private sector is making to contribute to the country's development. "Because of its importance, this banking institution constitutes an example of faith in Guatemala, which is besieged by economic, political and social problems that are difficult to ignore. The solution to these problems apparently depends on the ability of all those who prefer work to violence to attain the common objective of building a sound economy for a better life," stated Botran. [Excerpt] [Guatemala City PRENSA LIBRE in Spanish 14 Dec 85 pp 6, 65] 8926

CSO: 3248/149

NICARAGUA

PARTY POSITIONS IN 1985 ASSEMBLY DESCRIBED

Managua BARRICADA in Spanish 19 Dec 85 p 3

[Passages enclosed in slantlines printed in boldface]

[Text] The end of the first legislative session of the National Assembly coincides with the end of the year. The fact that these two events are taking place at the same time is propitious for political evaluations of a phenomenon that began precisely as 1985 began: the institutionalization of the revolution in response to the people's will as expressed in the 1984 elections.

We began 1985 by launching a presidentialist political scheme that was traditional in form but not political content, and a legislative system that did not have the usual hype of parliamentary activity, but still kept the practical norms of a parliament in terms of organically necessary formalities. In the two experiences, the presidential and the parliamentary, the revolution demonstrated its institutional and political maturity.

Leaving aside generalities, we will see that the concrete manifestation of the institutional maturation process that is now practically a year old was the result of the political struggle waged with all its contradictions on the open ground of Nicaraguan society, in the National Assembly. In other words, the parliament became the principal forum for the political struggles in which the various social sectors of the country are engaged.

Looking at this fact objectively, one comes to understand the idea which has been expressed so many times but not always understood, that the true national dialogue is taking place constantly in the National Assembly. Those who have not grasped this fact have had to add to the list of their political errors the unsuccessful effort to remove political debate from the authority and responsibility of the parliament and take it to minor forums that have not been recognized or endorsed by popular vote.

We are referring, obviously, to the attempts by the anti-Sandinist political parties to launch a "dialogue" outside the Assembly, with no authorization other than their own desires. They have tried or did try during the legislative term to go behind the Assembly's back and legitimize forums that the people never elected. This effort, which was naturally thwarted, is a

vestige of old attempts to detract from the legitimacy of the popular elections.

In struggles such as these, and in others derived from the same political objective, the parties' positions took shape in the National Assembly. They did not always conform to the expectations their sympathizers had when they cast their votes in the 1984 elections. In a figurative sense, it could be said that in many cases the attitude of the parties during the first legislative term served to /blur/ the outlines of their campaign propaganda and their political traditions.

Everyone His Own Sculptor

These assertions can be understood better by going into detail.

The /Democratic Conservative Party/ (PCD) made irregular and very erratic efforts to maintain the image of a /second force/ in national politics. The inconsistency and fluctuations of its parliamentary actions derive from the fact that its representatives are socially and ideologically disparate, as is typical of a traditional party. Despite the conservative political outlook they have in common, the social composition of its parliamentary delegation is heterogeneous, which is manifested in the contradictory personal attitudes in the discussion of legislation, and even in speaking styles. In some cases, traditional discourse prevails, with its recalcitrant anticommunism and generally regressive ideology; in other cases, the speech is surprisingly logical. With regard to the traditional, historical political behavior of conservatism, the PCD is the product of a schism with the reactionary right that was always represented among conservatives. As a result, the /Democratic Conservative Party/ finished the term in disarray: Felix Pedro Espinoza, Sergio Torres Ogregario and Enrique Sotelo Borge were unable to go beyond the barrier of conservative traditionalism, and split from the PCD.

Of the parties represented in the National Assembly, the /Independent Liberal Party/ (PLI) regressed politically toward the right. Its presence in the parliament colored by the contradiction of its officially-decreed abstention from participating in the election, the PLI (or more precisely, its parliamentary delegation) is a clear example of a petite-bourgeois sector that was born with a revolutionary and patriotic outlook but that, as the sociopolitical contradictions deepened, lost its vitality until it ended up in an openly reactionary position.

During the legislative session, the PLI appeared to be more concerned with laying political traps than with legislating in accordance with its political programs and principles. It became a party of spineless wheedlers who constantly threatened to withdraw from the National Assembly for the purpose of causing an internal crisis in the parliament and staining its image abroad. A summary of its parliamentary activity reveals more frustration than anything else, and although its delegation is still intact, its internecine struggles are no secret.

Among the parties with leftist names (/Communist Party, Socialist Party, Popular Social Christian Party, and Movement of Marxist-Leninist Popular

Action/), the differences in attitude and language are obvious in the National Assembly. In general terms, however, it can safely be said that their projections and performance were well below the expectations generated by their origin and their official platforms.

Since it would be improper to lump them all together in this analysis, given their marked tactical, ideological, and even strategic differences, we will look at them separately.

The /Popular Social Christian Party/ has tried to take advantage of its position as the fourth-largest national political force, which it frankly did not expect (nor did we, much less the other small parties), as a result of the freely expressed popular vote. It has maintained its political distance and independence from the other political forces--including the Sandinist National Liberation Front (FSLN)--but still came through on many bills introduced by the different parties, particularly with respect to the condemnation of imperialist aggression. If we take its origin and principles into account, we see no reason for the Popular Social Christians to encounter the kind of frustrations that plagued the PLI.

The /Communist Party of Nicaragua/ is on the horns of a dilemma. We do not know if the problem is that its name is too big for it or that its attitudes have outgrown its name. It was the PLI's closest ally in its right-wing positions concerning the declaration of the State of Emergency, its criticism of the revolutionary government, and the attempts to take the political debate out of the National Assembly to a unique version of the "national dialogue."

In many political and juridical aspects, its positions in the parliament are very distant from the ideological principles it advocates.

The /Nicaraguan Socialist Party/ (PSN) did not prove invulnerable to the right-wing temptation posed by one of its two representatives, and was often rescued by the more open and positive attitude of the other one. Despite the many and varied ties that exist between the two socialist representatives, the cerebral and accepting attitude one of them has toward compromising with rightist positions (as in the case of agreeing with the PLI position on the State of Emergency and trying to discredit the Assembly as the appropriate forum for any dialogue) is a little inconsistent with the positions of the other representative. This places the PSN in a dual situation in the parliament.

The /Popular Action Movement M-L/ played a role in keeping with its ideological radicalism: always against everything. It ended up "institutionalizing" abstention and voting against issues. Nevertheless, it has come through on some legislation that contributes to the consolidation of the revolution, and with its unyielding criticism of rightist attitudes in the National Assembly. Its unwavering anticapitalism has kept it in constant opposition to the FSLN on the mixed economy, political pluralism, and non-alignment.

The /Sandinist National Liberation Front/ is the backbone of the Assembly not just because of its numerical weight, which the people accorded it with their

vote and with the confirmation of its role in the vanguard. Its political positions have led to the practice of pluralism, which is reflected in its own composition as the majority delegation. Although its members are socially heterogeneous, they maintain a unified stance in the discussion of laws and in political definitions for promoting the struggle plan that served as the basis of its election campaign.

The international recognition of the National Assembly and the impetus given its fundamental task of drafting the Nicaraguan Constitution have grown as a function of the Sandinists' skill in leading the parliament. At the end of the first session, the National Assembly is assured of meeting its principal objective, consulting with all sectors of the nation (in which only the self-excluded rightist parties did not participate), and is now ready to hold open town meetings with the masses. The Constitution will be completed on time, despite the maneuvering that has taken place, partly by the parties represented in the National Assembly.

In spite of everything, the FSLN will carry out the people's mandate. It is no mere whim that has caused the people to put their trust in this group repeatedly, and they will continue doing so as long as it does not abandon--on any battleground--its loyal ally: the Nicaraguan people.

The year 1985 has witnessed the advance of revolutionary institutionalization at a pace that Nicaragua would not be able to maintain in the face of the war of aggression if it did not possess the historical boldness or the vitality of a revolution.

8926

CSO: 3248/144

NICARAGUA

GOVERNMENT ISSUES NEW BANKING REGULATIONS

Managua LA PRENSA in Spanish 13 Dec 85 p 10

[Text] Because we consider it to be very important, we are publishing the entire text of the Law on Monetary Orderliness, Opening of Accounts and Cash Limitations, which was promulgated by the Sandinist government and published in the Official Gazette that circulated on 2 December of this year. The law states:

Decree No. 138

Whereas it is necessary to regulate the money in circulation in our economy, by virtue of the powers vested in him, the president of the Republic of Nicaragua decrees the following:

Law on Monetary Orderliness, Opening of Accounts and Cash Limitations

Article 1. The purpose of this law is to promote the use of non-cash money for transactions that take place in the economy in order to contribute to monetary stability and orderliness.

Article 2. The natural and moral persons subject to this law shall:

- a) Open and maintain their deposit accounts in a single bank, depending on the type of business or the nature of the activity involved.
- b) Keep in cash an amount of money not to exceed the maximum limit established by regulation, depending on the category of the person and of the activity. Any amount of money in cash that exceeds this maximum shall be kept in the corresponding bank account for the term stipulated in the regulations of this law.
- c) Withdraw cash from the bank only to meet their cash quota and to pay salaries and wages.

Article 3. The following are subject to the provisions of this law:

- a) The ministries and other institutions of the Central Government

- b) Municipal governments
- c) Autonomous government entities or institutions
- d) Public, private and mixed moral persons
- e) Other persons involved in production or service activities stipulated in the regulations of this law

Article 4. Violators of the provisions of this law shall be subject to the following sanctions, pursuant to the provisions established in the regulations:

- a) Fine payable to the Treasury for the equivalent of fifty percent (50%) of the cash quota, for the first offense.
- b) Fine payable to the Treasury for the equivalent of the authorized cash quota, for the second offense.
- c) Fine payable to the Treasury for the equivalent of twice the authorized cash quota, for the third offense in violation of these provisions.

Article 5. The following shall be held severally liable for the payment of the fines imposed for violating this law:

- a) Those who are financially responsible in the cases set forth in paragraphs a), b) and c) of Article 3.
- b) The directors, managers or responsible parties in the cases set forth in paragraphs d) and e) of Article 3.

Article 6. The Central Bank of Nicaragua is hereby empowered to apply, monitor, and enforce this law and its regulations. For this purpose, the Central Bank may take direct action or may delegate other banks of the National Financial Banking System to take such action. The Central Bank and its delegates shall be empowered to examine the books and records of the entities and persons subject to this law.

Article 7. The Central Bank of Nicaragua and other banks of the National Financial Banking System delegated by it are hereby empowered to apply the sanctions referred to in Article 4 of this law. Any appeal of these sanctions shall be made to the Central Bank Board of Directors no later than 5 days after notice of the sanction, and such appeal shall be resolved within no more than 5 days.

Article 8. The Central Bank of Nicaragua is hereby empowered to issue the regulations for this law. It may also, from time to time, subject new persons to the obligations imposed by this law, change the cash quotas corresponding to each category, and establish and set forth the books and records that must be kept by the natural persons subject to this law.

Article 9. This law shall take effect upon publication by any mass medium, without prejudice to its subsequent publication in the Official Gazette.

Done in the city of Managua this fifteenth day of the month of November, nineteen eighty-five. "All for peace against aggression." Daniel Ortega Saavedra, president of the republic.

8926

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NICARAGUA

POPE'S LETTER TO ARCHBISHOP PUBLISHED

Managua LA PRENSA in Spanish 10 Dec 85 pp 1, 14

[Text] On the occasion of the celebration of La Purisima [the Most Pure Virgin], patroness of Nicaragua, His Holiness John Paul II has addressed the Nicaraguan Catholic people through an affectionate message to His Excellency, Cardinal Miguel Obando y Bravo.

His Holiness' message concludes with the papal blessing upon the Marian, Catholic people of Nicaragua.

The letter reads as follows:

"Honorable Cardinal, Archbishop of Managua,

"Beloved Bishops of Nicaragua:

"The liturgical season of Advent, recently begun, puts us in the spiritual perspective of awaiting the Lord Jesus, who comes into the world under the figure of a child.

"His name, chosen by God the Father and announced to Mary, "full of grace," by the Archangel Gabriel, clearly expresses the mission entrusted to him to save "his people from their sins" (Mt.1:21), accomplishing mankind's definitive reconciliation with God. The apostle Paul describes this event in terms filled with mystery: "When the term was completed, God sent his own Son, born of a woman, born under the law, to purchase freedom for the subjects of the law, in order that we might attain the status of sons" (Gal.4:4-5).

"Hence, the coming of the Son of God among us has a concrete environment and a historical context; but, above all, a realism (the bosom and heart of a mother), which arouses deep emotions. It is the mystery that we adore on Christmas Eve, kneeling, and saying, "for us men and for our salvation, he came down from heaven and, by the power of the Holy Spirit, he was born of the Virgin Mary."

"Therefore, it seems natural that, through the brief liturgical journey leading us to the gate, the Church pauses to meditate on the mystery of the Immaculate One, who, "was redeemed in an eminent manner, in anticipation of the merits

of her Son," and "enhanced from the first moment of her conception with the splendor of an entirely unique holiness" ("Lumen Gentium" [Light of People], 53 and 56), prefiguring the new creation born of God in Christ (Cf. 2 Cor. 5:17).

"For centuries, the Catholic community of Nicaragua has venerated and glorified this woman, sublime in her perfection, under the name of 'La Purísima,' and has celebrated her feast with great popular, liturgical solemnity, preceded by the novena of preparation.

"Precisely in this spiritual atmosphere of the celebration of the mystery of 'La Purísima,' I wish to make myself present among you with this letter, to bear witness to my affection, and to express my esteem and my encouragement to you, Honorable Cardinal Archbishop of Managua, and to the beloved brothers in the Episcopacy, priests, religious men and women, and Catholic faithful. In fact, I know that, on the feast of 'La Purísima,' I find all of you around Mary: In the churches of the cities and rural areas, in the squares, on highways and roads, gathered like children under her mantle, to extol the one who, having given the world the very life which renews all things, has been graced by God with the gift and the privilege of being 'La Purísima' since her birth into life (Cf. 'Lumen Gentium,' 56). A feast which is, simultaneously, a symbol and a reality, grouping all Nicaraguans into a single family.

"In this touching scene of prayer and feast which, unfortunately, contrasts so much with the grievous reality in which you have been living every day for such a long time: sufferings, deprivation, sorrow and uncertainty, I see the apostle Paul's prediction borne out: 'He is our peace, he has made the two peoples one, and has broken down the enmity which stood like a dividing wall between them' (Eph.2:14).

"Most beloved bishops, you are well aware that the ministry and the word of reconciliation has been entrusted concretely to you (Cf. 2 Cor.5:18 and 19). This service summarizes the very mission of the Church, called upon to demonstrate and to offer the means, the paths of reconciliation, which are 'the conversion of the heart and victory over sin, whether the latter be selfishness or injustice, presumptuousness or exploitation of others, attachment to material goods, or the unbridled search for pleasure' ('Reconciliatio et Paenitentia' [Reconciliation and Penance], 80.

"Beloved brothers, you are particularly conscious of this obligation, as you have shown by addressing to the Catholics of Nicaragua, on 22 April 1984, at the Easter of Resurrection, a pastoral letter on reconciliation. I am certain that you will continue to carry out, with the entrusted perseverance, the mission that Christ has commended to you. I wish with all my heart that the seed planted on the generous ground of the consciences of your faithful people may be able to bring forth, in the not too distant future, fruits of harmony and brotherhood. I am certainly not unmindful of your difficulties at the present time. Have no fear, and do not become disheartened; convinced that nothing 'can separate us from the love of God in Christ Jesus' (Rom. 8: 39). Hence, keep firm within you the supreme assurances of faith, which you

are called upon to defend and to heighten among your faithful people. For the Christian vocation and, most especially, being in the community, with various titles, as loyal and faithful shepherds of the flock, entails sacrifice, renunciation and rejection. Imitate the example of the apostles, who toured cities and towns preaching the Gospel, 'heartening the disciples, and encouraging them to be true to their religion; warning them that to enter the kingdom of God we must pass through many hardships' (Acts 14:22).

"During recent weeks, the difficulties in pastoral activity (yours and that of your collaborators) have increased. In July of last year, the Archdiocese of Managua, owing to the expulsion of 10 valuable priests, suffered a serious reduction in its personnel, who have always been rather insufficient. There has not yet been any reparation for this act. For other priests, as a result of new difficulties, the possibility of their stable stay in the country has appeared uncertain to them. I also know that you are suffering because of various types of obstacles posed for the Church, as well as different types of intimidation and harassment of ministers of worship and Catholic faithful. I harbor the steadfast hope that the existing problems may soon be solved in a satisfactory manner.

"A Catholic community which is forced to live its faith under the aforementioned conditions requires of its members a deep sense of unity and adhesion with its pastors.

"I have already written this in the letter that I sent to you on 29 June 1982, the solemnity of the holy apostles, Peter and Paul: 'May all the children of the Church, at this historic time for Nicaragua and for the Church in this country, contribute to keeping the community solidly behind its pastors, avoiding any germ of fracture or division.'

"In fact, insofar as the eternal destiny of man and the supernatural means for attaining it are concerned, it is unacceptable not to have a deepseated 'sentire cum ecclesia' [feeling with the church], with those who appear before a community to teach the word of God or to administer the sacraments. This was also stressed in serious terms by my predecessor, Paul VI: 'No one can (carry out this mission) without having been sent' ('Evangelii Nuntiandi' [Preaching the Gospel], No 59). And he adds: 'Evangelizing is not an individual, isolated act for anyone, but rather a profoundly ecclesial one...this means that (the preacher, catechist or pastor) must do it, not because of a mission that he has assigned to himself, or because of personal inspiration; but rather in union with the mission of the Church and in its name' (ibid., No 60). Elsewhere, the same pontiff gives a reminder that 'the force of the evangelization will be left very weakened if those who preach the Gospel are divided among themselves because of so many kinds of splits' (ibid., No 77).

"The requirement for unity and cohesion is essential and urgently needed in your ecclesial community. With the hope and expectation of that time, I reiterate to all the children of the Church in Nicaragua the wishes and the prayer with which I concluded the homily in Managua, on 4 March 1983, on the occasion of my apostolic visit to your country, 'that the intercession of Mary, 'La Purisima,' as you call her, with such a beautiful name, that she, who is the

patroness of Nicaragua, will help you to be ever constant toward this vocation of Church unity and fidelity.'

"The concerns that I have expressed to you (which are yours as well), dear brothers of the Episcopacy, have not succeeded in obscuring the feeling of consolation and spiritual joy that I experience upon thinking of so many priests, religious men and women, and Catholic faithful, who bear witness to their fidelity to the Gospel, and to the Church. I urge you to persevere, with your gaze and heart fixed on you pastors, following their word and their instructions. And you, most beloved brothers, whom the entire Catholic community of Nicaragua views as an indispensable reference point for the life of faith, always be 'models of the flock' that has been entrusted to you by Christ, supreme shepherd of souls (Cf. I Pet.2:SS); remaining always united with each other. Instruct it with zeal and love, making its faith more fervent, its hope more kindled, and its charity more diligent. Remember the words of the apostle Peter: 'Who is going to do you wrong if you are devoted to what is good? And yet, if you should suffer for your virtues, you may count yourselves happy. Have no fear of them; do not be perturbed; but hold the Lord Christ in reverence in your hearts. Be always ready with your defense whenever you are called to account for the hope that is in you... It is better to suffer for well-doing, if such should be the will of God, than for doing wrong' (I Pet. 3:13 SS).

"At the present time, when the special synod of bishops is being held, with the prayer and affection of the Bishop of Rome, may you be comforted by the recollection, converted into a supplication, of so many shepherds of the Church and their flocks. For your edification and support, you also have the example of other fraternal Churches, who have been granted by the mercy of God not only to believe in Christ, but also to suffer for him (Phil.1:29).

"As I take leave of you spiritually, I am pleased to convey my cordial greetings to all the people of Nicaragua: to the children, youth, aged, and fathers and mothers of families. My regards are addressed especially to those who are suffering because of illness or violence, to those who have been tried by grievous losses, owing to loneliness or separation from those whom they love. Calling upon the Lord, who has come, through the intercession of his most pure mother, the Virgin Mary, for consolation and peace for all, I give you my apostolic blessing.

"Vatican, 1 December 1985, first Sunday of Advent.

"Ioannes Paulus PP II."

2909

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NICARAGUA

PEASANTS PRESSURE FOR LAND IN MATAGALPA

Managua BARRICADA in Spanish 12 Dec 85 p 4

[Text] Esquipulas, Matagalpa--One hundred fifty-two peasant families in this area have been exerting pressure for 6 months to obtain 1,120 manzanas of land to work. Part of the land is in the hands of private owners, and the rest is state-owned.

Of the families, 53 are organized in cooperatives and the rest in groups headed by natural leaders, including a municipal coordinator of Catholic action. This man owns 100 manzanas himself, but is sympathetic to those who have only a half a manzana of leased land to harvest.

The land problem in this region is a serious matter, according to Heberto Nunez, political coordinator of the Sandinist National Liberation Front (FSLN). He noted that this area was a bastion of Somocism where most of the land was owned by two Somocist deputies, Daniel Somarriba and Ignacio Arauz. The land was taken over by the state, but now most of it has gone to local cooperatives or agricultural collectives.

Most of the landless farmers in Esquipulas, a municipality of 15,000 inhabitants, are concentrated within the city limits, waiting to obtain a plot of land to plant. The problem, according to Nunez, is that the only solution is to change the landholding situation without creating disincentives for production.

Some farmers, however, are aware of the problem and have voluntarily negotiated to give part of their land to the peasants. Nunez cited the cases of Benicio Lopez and Francisco Blandon, who ceded more than 1,000 manzanas between the two of them. Other farmers who own more than 700 manzanas or more than one farm are reluctant to cooperate, contending that the peasants do not work the land as well as they do.

Uncertainty for Peasants

So far the situation for these families has been uncertain, added the local Sandinist leader. Some peasants lease a plot of land, but must turn it over immediately after they harvest the crop.

Others, troubled by this situation, sell products in grocery stores, but without productive results. Others, although the outcome is uncertain, struggle to plant on any land, even if it is nothing but rocks.

When landowners are approached about this plight, they ask why the peasants do not go deep into the mountains to work, when in fact just like them, the peasants have led a life of struggle and survival in this area; they are attached to its traditions, and also have rights accrued over the years.

The best way to convince the farmers is to point to the initial results of the cooperatives that have already become real alternatives for economic-social progress, such as the Francisco Lopez Valle Cooperative. It is worked by 26 members who plan to cultivate 2,000 quintals of coffee in a new infrastructure, including equipment that can transport the coffee beans straight from the fields to the plantation so that the cutters do not have to carry the sacks on their shoulders as they do on all the other coffee plantations.

The cooperative began with 17 people and now has 26, with 4 more people having applied for acceptance. So far this season, the former agricultural workers, who now own the place, have obtained \$200 for quality in the initial quintals of coffee that they delivered.

Priest's Land a Possibility

Encarnacion Pravia Jarquin heads a group of peasants from the place known as El Castillo, where the former honorary captain of the National Guard and priest Ruben Baltodano y Alfaro has 250 manzanas of land that has lain fallow for years. "Here there are nothing but weeds, and nothing is produced," said Encarnacion. Some 30 families are demanding the lands of this priest, who under the dictatorship was also a landowner and chaplain of the National Guard.

Roger Tellez is the leader of another group of peasants in the area of El Terrero. In the past, these peasants have leased a half-manzana to plant, and sometimes lost the crop.

Casimiro Lopez has leased land all his life, and now it costs him 500 cordobas per manzana. "Sometimes we go crazy and manage to plant two crops for the same price."

Octavio Gutierrez, a UNAG delegate for this zone, stated that his organization represents 700 members, who are also members of CAS and CCS cooperatives and fallow fields.

The current priority is to take over the lands of El Terrero and El Castillo, according to the peasant leader, who also supports the demands of the landless peasants. "We have been trying for 6 months without getting any response," stated Gutierrez.

In the same area, 2,210 manzanas of land has been turned over to 174 families, who are working now in cooperatives, almost all devoted to basic grains.

NICARAGUA

REORGANIZATION OF EASTERN MARKET COMPLETED

Managua BARRICADA in Spanish 14 Dec 85 p 5

[Text] During the reopening ceremonies of the Eastern Market yesterday afternoon, Domestic Trade Minister Ramon Cabrales announced that the 12 associations of retail merchants will receive supplies through the state enterprises as much as possible.

Cmdr Cabrales congratulated the 8,000 legal merchants for the struggle they waged with the revolutionary government and the Sandinist Front to achieve the almost total reorganization of the well-known market in the capital.

He stated that the goal of the reorganization committee and the minister of domestic trade is to have the market completely reorganized by next March.

He recalled that before the triumph of the revolution, the Eastern Market covered 36 manzanas; now plans call for it to cover just 4 manzanas.

He said that as a result of the reorganization, the Eastern Market now has controlled prices, and he hailed the merchants for agreeing to respect those prices to protect the real wage of workers.

He criticized the retail merchants of markets such as Roberto Huembes and Lewites for engaging in a high degree of speculation.

The minister stated that now consumers and the mass media are wondering whether prices and organization regulations will be respected in the Eastern Market, and he said "I believe they will be," in view of the commitment that merchants have made through Deputy Auxiliadora Martinez.

He noted that even the mass media must change their approach in their coverage of the Eastern Market, "and it is necessary for them to interview and discuss with those in charge of the different sector associations that now exist in the Eastern Market."

The minister said that Zone One is completely reorganized, and that the target date for total reorganization is March 1986.

He indicated that next year the markets of Masaya, Tipitapa, Leon and Chinandega will also be reorganized. Many of the speculators who used to be at the Eastern Market have now moved over there.

Lower Prices for Christmas

Deputy Auxiliadora Martinez, speaking on behalf of the merchants, stated that they have committed themselves to an open battle against speculators and to lower prices for Christmas, especially toy prices.

Jesus Estrada and Enrique Murillo, who are in charge of the reorganization group, stated that now the merchants, the Domestic Trade Ministry (MICOIN), the police, and the revolutionary government have come together, and that there is no place for speculators, pickpockets and criminals in the Eastern Market.

According to them, criminal activity has been cut to five percent; the drunks have been kicked out, and the pickpockets are under control.

The merchants are requesting that the stores to the east of the market (in Ciudad Jardin) be eliminated, because they claim these stores are engaging in unfair competition.

Jesus Estrada reported that the merchants have underwritten the costs of moving their sections, and that the state in turn is looking into ways to improve sanitary conditions, the supply of drinking water, the strengthening of Revolutionary Vigilance, and now, of the 12 merchant associations.

Yesterday's ceremony was attended by Cmdr Doris Tijerino, the national head of the police; Juan Jose Medina, director of Region III of MICOIN; Pedro Ortiz, vice-mayor of Managua; Mothers of Heroes and Martyrs, and mothers of people who have been mobilized in the Patriotic Military Service.

8926

CSO: 3248/144

NICARAGUA

BRIEFS

NEW CENSORSHIP MEASURES--The censorship office of the Interior Ministry, under the direction of Capt Melba Blandon, has subjected the independent daily LA PRENSA to renewed harassment. The owners of the newspaper now are obligated to bring the pages--with all the censored information already changed--to Capt Blandon's office. Only after the staff of the censorship office gives its final, direct approval, having seen the pages personally, can the newspaper begin to print them. The new problems stem from the decision by the censorship office of the Interior Ministry to suppress all articles, commentaries and news items that impugn the prestige of the Colombian guerrilla group M-19, with regard to the events that occurred in Bogota last week. The censorship office demanded that a news item in which an underground leader of M-19 acknowledged that the military assault had taken them by surprise not be placed on the front page or the last page, but rather on the third page. This problem arose because the editors contend that the censorship office does not have any right to determine the placement of the items it approves. [Text] [San Jose LA NACION (NICARAGUA HOY supplement) in Spanish 23 Nov 85 pp 1C, 2C] 8926

ANIA ELECTS OFFICERS--The Nicaraguan Association of Engineers and Architects (ANIA) elected Jaime Icabalceta as its new president in an assembly held at the Hotel Intercontinental. The new president will replace Denis Sauning Agüero, who served for 1 year and was responsible, along with Jose Benito Lau, for organizing the ANIA's 4th Congress. The other three board members elected at the ANIA Assembly were Donald Delgadillo as secretary general (replacing Edmundo Zuniga), Joaquin Zepeda as comptroller (replacing Edgard Bohorquez), and Mario Martinez as the new director of publications (replacing Miguel Cuadra). The other members of the ANIA Board of Directors will be elected in January, when elections are held to choose the directors of the different colleges that make up this organization of Nicaraguan professionals. Each college director, upon election, will immediately take office as a member of the ANIA Board of Directors. All indications are that in 1986 the ANIA will conduct a study of the current mass transit service in the city of Managua. The members of the ANIA are extremely interested in having this study done, given that the operation of the current transit system leaves much to be desired. [Text] [Managua LA PRENSA in Spanish 7 Dec 85 p 14] 8926

'FAMINE SITUATION' REPORTED--A group of peasants from the Las Lajas farm valley in the municipality of Ciudad Dario came to Managua to state that "a

famine situation has arisen in that region." According to Alfonso Valle, spokesman for the peasants, "food cannot be found anywhere." He went on to say, "Our situation is unfortunate, because we cannot find beans, corn or salt. The government food agency has no outpost there, and the people in charge of controlling what little food there is are so strict that we have had to eat the feed that is used to fatten animals," said Valle. "There is no cheese, and no one can obtain coffee, much less cocoa, cream, milk or meat. None of these foods has been for sale in a long time. The grocery stores have disappeared, and no one is available to sell anything to eat," stated Valle, speaking on behalf of the group of peasants. This is the first time any report of famine has been received regarding any sector of the republic since severe controls were imposed on food supplies under the Sandinist regime. Valle added that sometimes they manage to get to Matagalpa or Ciudad Dario, "but we can't find anything there, either." He went on to say, "People receive only what is necessary for their own consumption, and anyone who does not reside in that place is not eligible to buy anything. Our harvests were lost during the bad winter, and the few corral animals we had we sold in Managua to buy a little food." Valle concluded, "We want to report that people are starving in Las Lajas. There is no food, and the government or some private institution must solve this serious problem quickly." [Text] [San Jose LA NACION (NICARAGUA HOY Supplement) in Spanish 7 Dec 85 p 4C] 8926

PSD REGIONAL ORGANIZATION ACTIVITIES--"The Social Democratic Party (PSD) is involved in a variety of activities in the departments of the nation for the purpose of strengthening its organizational cadres," asserted Guillermo Potoy. A seminar was held in the city of Granada to discuss current issues in the party, primarily those related to the development of proselytism. A delegation from the National Executive Center also met with the departmental leaders of Boaco, led by Luis Omar Ortega Mora, to draw up a new working plan for that region. It was agreed that the department headquarters would be opened in Boaco, which will give a better impetus to the proposals the Social Democratic Party makes nationally. The leaders from Mozonte, San Fernando, Jicaró and Ocotal, as well as a delegation from the national leadership, will hold a working meeting at the home of Leonidas Romero. Finally, it was agreed that a new meeting will take place to plan new activities and a seminar to study the current national situation. [Text] [Managua LA PRENSA in Spanish 1 Dec 85 p 1] 8926

REGION IV CDS ELECTIONS--The residents of the four departments that make up this region yesterday voted to approve the struggle plans of 105 new barrio committee coordinators, out of a total of 1,500 people who had registered in the past month for the Sandinist Defense Committee (CDS) elections. The principal work programs of the leaders chosen by the community include the improvement of the people's standard of living in Granada, Masaya, Carazo and Rivas through the construction of health centers and schools; the repair of streets and roads, children's playgrounds, and channels; and care of the families of combatants who have been mobilized for defense. Joy and unanimity prevailed yesterday on every block of the various barrios in these departments, where the voting began early in the morning. Chicha vendors and carnival figures danced among the people in the culmination of many long days of work by the people to ensure everything from the organization of the polls

to the cleanliness of the vote count. Applauded by their followers, who emphasized their leadership qualities, the victorious candidates shared their satisfaction and their future plans with Commander of the Revolution Tomas Borge, minister of the interior, and Guerrilla Commander Leticia Herrera, secretary general of the CDS. The two officials made an extensive tour of 20 barrios in Granada, Masaya, Monimbo, Niquinohomo, Masatepe, Jinotepe, Diriamba and San Marcos. [Text] [Managua BARRICADA in Spanish 16 Dec 85 p 1] 8926

CSO: 3248/144

PARAGUAY

ASUNCION ARCHBISHOP ISSUES DOCUMENT ON CORRUPTION

Asuncion ULTIMA HORA in Spanish 7 Dec 85 p 16

[Passages enclosed in slantlines printed in boldface]

[Text] /The archbishop of Asuncion and president of the Paraguayan Episcopal Conference, Msgr Ismael Rolon, has released a new document entitled "Calamities and Calamities," in which he discusses the issue of crimes against the state. He also provides some guidance about this kind of behavior, which affects the entire country./

"The whole world was deeply moved by the news stories and descriptions of the calamities that occurred recently in Mexico, Colombia and Argentina, not to mention others in different places around the world. Blind and uncontrollable forces of nature sowed death, panic and tremendous material damages. No one is responsible or guilty for such calamities and damages.

"Similar calamities have happened in Paraguay: theft, fraud, smuggling, drug trafficking, etc., causing great harm to the state and the people. In these calamities, however, there is a culprit, someone to blame. It is the people who hold high office in the administration or wherever, and have abused the confidence placed in them. They have deceitfully, deliberately and treacherously taken covert actions while pretending to be honorable and reputable citizens.

"The Church teaches that God is rich in mercy; but on earth, human justice must ensure that rights and obligations are balanced and protect the integrity of the individual and society. The Church does not judge personal sins; God is witness and judge. But it is called upon to serve and to contribute its work, its light and its energy to the establishment and consolidation of the human community, in accordance with divine law (G.S. 42).

"Every day in the mass media we hear about the spectacular madness of corruption. We have seen similar spectacles in the not too distant past; it is as if the curtain has fallen on the act before it is finished. . . One calamity follows another. What will happen next? How far will it go?

"In June 1979, the Paraguayan Episcopal Conference raised its voice in alarm and accusation: 'The rising tide of criminal activity, the impunity enjoyed

by the culprits, and the increasingly resigned and permissive reaction by the people, should alarm all of us, but particularly us Christians who want to be the moral conscience of the nation and the agents of liberation in our society' (n.4). It went on to cite a few symptoms of the rising corruption: the ability to obtain money by any means; the insatiable desire to have more, to the serious detriment of others (n. 5 idolatry of money); pornography, drug addiction, sexuality, adultery and marital separations, abortions (n. 6 idolatry of pleasure); abuses of authority, arrogance, assaults and evictions of peasants and Indians; violence and torture (n. 7 idolatry of power). And the bishops said: 'We are all guilty, to a greater or lesser extent' (n. 9).

"This was announced in June 1979, 6 years ago, and it was already obvious how much corruption was going on. Nothing was done, because nothing could be done or no one cared to do it.

"Happily, in our times upright and honorable magistrates are confronting these calamities to identify the culprits and punish them according to the law.

"With regard to punishment, there is a popular clamor for 'exemplary' penalties to serve as a warning for the future. And for this purpose, all those responsible, at whatever level, must be brought to court: from the power or godfather behind the scenes, no matter who it is, to the subject-pawn. All accomplices must be rounded up. It would be very unfortunate if only the ignorant 'flunkies' were punished, although apparently no one involved in these operations is too ignorant.

"By the same token, the punishment must range from the deprivation of liberty and incapacitation to the complete return of what was stolen (let's call a spade a spade) and full restitution for material and moral damages to the state and the people. Everything that is in the possession of the convicts without good cause belongs to the state, and should be returned to the people.

"God supports judges who fight for good and justice (Mt. 5-10), and the people will always support and respect them. These judges must be incorruptible, independent, brave, and have a strong faith in God.

"Punishment is not enough to carry out the 'moral purge of the nation' through fear. The Pastoral Letter of the bishops set forth the tasks that are incumbent on us all:

"1. /Personal conversion/: Adherence to the law of God must begin within the individual. Only 'new men' inspired and strengthened by the Holy Spirit will be able to restore order and good and peace.

"2. /Mend the social fabric of the nation/: All citizens must have an opportunity to live with their families in dignity and security. Progress must be shared by the majority, not the privilege of an irritating minority. Similarly, the participation by the people in the nation's destiny must be real and effective.

"The fatherland belongs to everyone; and we are all the servants of the fatherland. No one is master of the fatherland.

"3. The Church's task is to fulfill its mission of service and provide /clear guidance/ for personal, family and collective human life by means of an Organic Ministry that seeks 'to evangelize Paraguayan man in his culture, for the construction of a testimonial and missionary ecclesiastical community that will witness the birth of new times, promoting the formation of a society that is more just, fraternal and open to God.'" (PPO n. 208).

8926

CSO: 3348/353

PARAGUAY

BALANCE OF TRADE DEFICIT EXPECTED IN 1986

Asuncion ULTIMA HORA in Spanish 14 Dec 85 p 16

[Article by Eduardo Miranda]

[Text] As a consequence of the declining value of exports, this year the balance of trade deficit will grow again, to an estimated \$185 million.

According to figures provided by the General Customs Office, at the end of November exports totaled \$300.4 million, and they can be expected to rise to \$315 million by the end of December.

In addition, although official statistics are available only through July, FOB imports are expected to total \$500 million by the end of the year.

According to these estimates, exports will have fallen by 5.83 percent, from \$334.5 million in 1984 to \$315 million in 1985, while imports will have dropped by 2.53 percent, from \$513 million in 1984 to \$500 million in 1985. As a consequence, the trade deficit will expand from \$178.5 million in 1984 to \$185 million in 1985.

The value of exports will shrink compared to that of last year despite the extraordinary growth in the volumes of soybeans and cotton. Soybean exports grew by more than 277,000 tons, but the value of the transactions rose by only \$14 million; cotton fiber exports climbed by more than 143,000 tons, but their value edged up by only \$9 million.

Stagnation

Although the major growth in the production and exportation of cotton and soybeans led to a hefty boost in the country's total exports, low international prices for those products frustrated the excellent possibilities for a considerable growth in foreign exchange earnings.

With the results obtained, the situation for exports has remained stagnant at around \$300 million since 1979.

In fact, the value of the country's total exports climbed from \$305.1 million in 1979 to \$310.2 million in 1980, then dropped to \$295.5 million in 1981,

surged to \$329.7 million in 1982, only to fall again to \$269.1 million in 1983, then jumped to \$334.5 million in 1984, and is expected to have fallen to \$315 million this year.

Trade Deficit

Given the difficulties for dynamic and sustained export growth, the reduction of the trade deficit has come to depend almost exclusively on import restrictions.

In 1981 and 1982 the trade deficit rose with the growth of imports; in 1983 the deficit declined considerably as a result of the fall in imports; and in 1984 the deficit shrank again, thanks to expanded exports.

Imports fell from \$517.1 million in 1980 to \$506.1 million in 1981, and the trade deficit rose from \$206.9 to \$210.5 million because exports dropped from \$310.2 to \$295.5 million. In 1982 exports jumped to \$329.7 million, and the deficit soared to \$251.6 million because imports also climbed to \$581.4 million.

In 1983 the trade deficit was lowered to \$209 million, even though exports also fell (to \$269.1 million), because imports slid down to \$478.2 million; and in 1984 the deficit fell to \$178.5 million although imports edged upward again to \$513 million, thanks to a boost in exports to \$334.5 million.

Adjustment

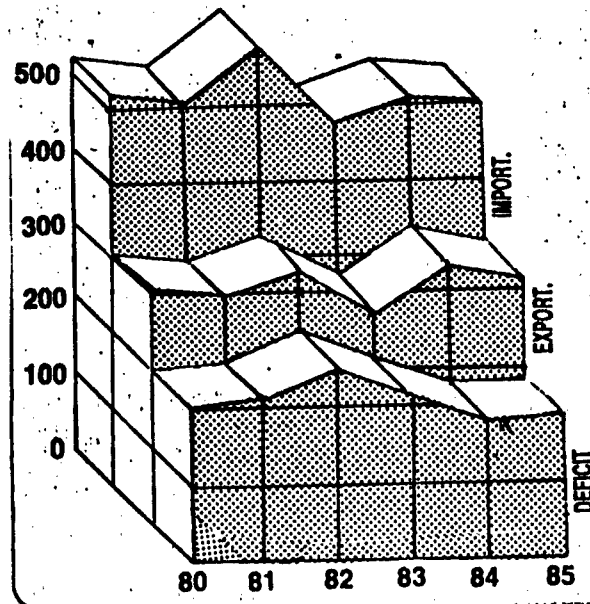
Given the trends observed in recent years, including 1985, it will be difficult for the balance of trade to continue the adjustments that took place in 1983 and 1984.

There is an urgent need to put a lid on the deficit and attain a balance or a surplus in trade as the foreign exchange income through Itaipu and Yacyretá declines irreversibly, but the conditions are not favorable.

Imports cannot fall below the floor of \$500 million a year unless the process of import substitution is expanded, and exports cannot break through the conditions and limitations imposed by the international market unless a high degree of diversification is promoted and an appropriate exchange system is implemented.

Thus, it is imperative that the foreign trade policy be reformulated on terms that will promote dynamic growth in exports and a gradual and steady replacement of imports.

Trends in Foreign Trade 1980/85
In Millions of Dollars
1985: Estimated



8926
CSO: 3348/353

PARAGUAY

CAPITAL EXPENDITURES EXPECTED TO DECREASE IN 1986

Asuncion ULTIMA HORA in Spanish 16 Dec 85 p 11.

[Text] The spending budget for the central administration that was approved for fiscal 1986 is 15.96 percent higher than the budget for this year. Current spending was boosted by 17.6 percent, but capital spending will grow by just 11.7 percent.

Considering the development of public spending over the last few fiscal years, the most austere budget was that of 1984, which was only 19.29 percent higher than that of 1983, from 94,380,200,000 to 105,987,800,000 guaranies.

With this immediate background, a budget of 141,947,900,000 guaranies was approved for 1986, representing a 15.96-percent increase.

Although the growth rate is similar to that of this year, capital spending is expanding at a lesser rate, with an accelerated increase in current spending.

Indeed, the capital spending budget for the central administration rose from 24,254,400,000 guaranies in 1983 to 28,836,500,000 in 1984, a growth rate of 18.89 percent. In this fiscal year, the capital spending budget was boosted to 34,115,100,000 guaranies in an 18.30-percent jump; and for 1986, an increase to 38,110,300,000 guaranies is planned, for a growth rate of just 11.7 percent.

On the other hand, the growth rate of the budget for central administration current spending, which was 10 percent when the total amount rose from 70,125,800,000 guaranies in 1983 to 77,151,300,000 in 1984, went up to 14.4 percent in this fiscal year, as spending climbed to 88,295,900,000 guaranies. The expanded current spending budget of 103,837,600,000 guaranies for fiscal 1986 represents an increase of 17.6 percent.

Budget Adjustment

This trend in public spending can be attributed to the fact that the budget cuts imposed by the availability of ordinary revenues can be applied more easily to investment programs, while current spending experiences a constant automatic growth that is difficult to control.

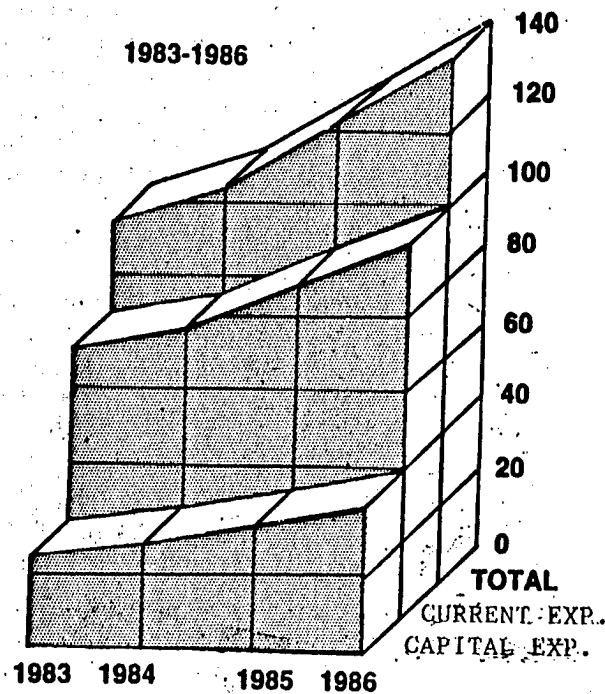
If in fiscal 1984 the expansion of current spending was just 10 percent, the reason was that in that year the wages of public administration employees were not adjusted.

Moreover, in absolute terms, the growth of current spending is more representative than the increase in capital spending, which is what counts when it comes time to determine the availability of resources and the financing of the budget.

For example, the 18.3-percent increase in the capital spending budget for this fiscal year meant an absolute increment of just 5,278,600,000 guaranies, while the 14.4-percent boost in current spending represented outlays of 11,144,600,000 guaranies more.

The same can be said of the 1986 budget. The rise in capital spending will total just 3,995,200,000 guaranies, while the growth of current spending will climb to 15,541,700,000 guaranies.

Central Administration Spending Budget
In Billions of Guaranies



8926

CSO: 3348/353

PARAGUAY

BRIFES

PETITION ON BEHALF OF MISSING PEOPLE--Relatives of people who have allegedly disappeared or been arrested this morning presented a note to the chief justice of the Supreme Court requesting an investigation into the facts of the matter. The document states, among other things, that the petitioners have come to the office of Dr Luis Maria Argana "with great hopes inspired by the recent changes in the way justice is imparted in our country under your administration, and with the respect that is warranted by our profound pain as mothers, wives, sisters and daughters, upon suffering a violent separation from our loved ones." In another paragraph, they state: "We submit for your consideration the various cases of murder with impunity and arbitrary kidnapping, crimes perpetrated by executioners without the moral grounds of holding public office, in our effort to protect the sacred rights to life and liberty, and we request your urgent attention to this matter so that those responsible for these repugnant criminal acts can be punished to set an example for others, and so that our relatives who were arrested and then disappeared in a flagrant violation of specific constitutional provisions can be set free immediitely." The note is signed by Regina de Rodas (widow), Porfiria G. de Martinez, Martina C. de Rolon, Cristina Sotelo, Carmelo Verdun, Agapita de Gutierrez, Elsa de Castillo, Clara de Rodas (widow), Jose Gutierrez, and Cristina de Ortellado (widow). As they presented the document, the petitioners also recounted the stories of their relatives who had been victimized by illegal procedures, and called for justice to intervene and clear up these cases. [Text] [Asuncion ULTIMA HORA in Spanish 10 Dec 85 p 40] 8926

CSO: 3348/353

PERU

PPC LEADER ANALYZES GARCIA ADMINISTRATION FAULTS

Lima OIGA in Spanish 23 Dec 85 pp 6-11

[Interview with Luis Bedoya Reyes, chief of the Popular Christian Party (PPC), by Pedro Planas and Fernando Flores Araoz; date, time and place not given]

[Text] [Question] Back in the arena, Doctor?

[Answer] We never left it.

[Question] What do you mean? No one has seen you since the campaign. . .

[Answer] Oh! You think a politician has to be performing like a circus clown so that he can remain in the public view.

[Question] Does being a "circus clown" mean having a commitment to the people and talking to them constantly and daily?

[Answer] One can fulfill a commitment to the people in many ways, and the most serious way to go about it is not necessarily remaining on stage all the time.

[Question] So: Back in the arena, Doctor?

[Answer] Now I am, yes.

(Luis Bedoya Reyes, twice mayor of Lima, former member of the constituent assembly, candidate for president in 1980 for the PPC and in 1985 for the Democratic Convergence, the top factotum of the PPC, has thus broken his long silence. With his characteristic agility, which he combines well with a precise and almost pedagogical diction, Bedoya first went into the details of this new political scene, and then went into a self-criticism of the PPC, followed by an acute and penetrating analysis of the current government.)

[Question] You have been participating in politics, Dr Bedoya, not just since you became the founder and first secretary general of the Democratic Convergence (DC), but since you worked with Bustamante and Rivero, or even earlier. The political scene, however, has changed a great deal and continues to change. Today it is clear that there is a new, more youthful style of

politics. Alan Garcia, Alva Castro, Remigio Morales, Javier Diez-Canseco, and Alberto Borea represent that new style. Do you resent it, Dr Bedoya? Does it hurt you deeply?

[Answer] Of course; and we would be political white elephants if we did not have any sensitivity to facts that are obvious. It is not just a matter of turning toward fresher and more vigorous attitudes, but there is also a dynamic that corresponds to the age at which one takes action, a much more aggressive approach to dealing with problems. It is not that we oldsters are becoming conservatives, but mature politicians have always taken a more reflective attitude...

[Question] Do you say that with an attitude of resignation?

[Answer] No. I am saying that simply by way of comparison. Between the Barrantes who was president of the Federation of Students and the Barrantes who was mayor of Lima there is quite a difference. Between Luis Alberto Sanchez as a fiery member of parliament and the man who is now mature and wise, there is quite a distance. So. . .

[Question] May I cite another example?

[Answer] Certainly.

[Question] Between the Bedoya who was mayor of Lima, who rolled up his shirtsleeves and even went out into the streets to sweep them, and the Bedoya of today, president of the PPC, isn't there also a considerable difference?

[Answer] Yes, because I had a specific task within a given context, and I came to terms with the times. I do not deny that at the same time I had other styles that corresponded more or less to my age. I don't think that a justice minister should bathe in the waters of the Urubamba, which I did. So there are attitudes that fall within what we could call not methodology but the very nature of age.

[Question] Although you may not want to admit your resignation, I will remind you of something. During the campaign, you constantly harped on the immaturity and inexperience of a candidate as young as Alan Garcia, who is today president of Peru. The political scene has overtaken you, Dr Bedoya. That "immature" and "inexperienced" political style that you criticized is the style of today, the style of the present government. . .

[Answer] There is no reason why we should put ourselves on that level. We have just seen how in Brazil Janio Quadros seems to have the attitudes of a 25- or 30-year-old. Politics is plastic; its forms must be very adaptable, not its essence.

[Question] And how will Dr Bedoya adapt plastically to this new, essentially youthful setting?

[Answer] It is not a question of looking at how someone adapts, because it could appear to be a kind of masquerade ball. One cannot cease being what one

is; one must simply make room for those who are different and can therefore complement the cast.

[Question] The term you used, "white elephant," could be used to describe what the American Popular Revolutionary Alliance (APRA) went through in 1981, with an internal crisis that threatened to create a historic debacle. The image of Alan Garcia emerged, however, and with him that of a renewed party. That saved APRA from collapse. . . Is the PPC waiting for its Alan Garcia, the young redeemer who will change its image?

[Answer] No. It would reveal a lack of seriousness in political leadership if we were to wait for things to happen by chance. All political parties must have a strategy. In that strategy we take into account that currents of opinion, and not just in Peru, have a tendency to gravitate in three directions: one position inspired by Marxism-Leninism, another by social democratic thought, and a third one by social Christian thought. . .

[Question] That is a smart way to exclude Popular Action (AP) from the Peruvian political spectrum, Dr Bedoya. . .

[Answer] No. We are very respectful of other political persuasions, but we believe that the presence of political parties, as our Constitution states, is contingent on having stable parties that shun both ad hoc responses as a *raison d'etre* and identification with individuals as factors for attracting personal followers. (Then he mentioned Leguism, Sanchezerrism, Bustamantism, Benavidism, Pradism, and Belaundism, but of course he added that there is no Bedoyism, or that "that is what we have tried to avoid.")

(We also discussed the 12th Plenum of his party, which was held a few days ago and culminated in two public pronouncements, an economic one and a political one. But there were a number of other pronouncements that were not made public, on the provinces, on the PPC leadership, in a tenacious and almost orchestrated criticism, on the AP-PPC coalition, on the Convergence, and many other issues. The delegates even called for "the head of Richard Amiel," secretary of organization, who near the end of the Plenum tendered his resignation. Another faction, however, gave him a standing ovation, demanding that he remain in office. While this and other tempests beset the 12th Plenum, Bedoya listened, impassive from the start, to the various speeches by the provincial leaders who openly and freely went through a litaney of criticism regarding his leadership of the party.)

[Question] Have you let them get everything off their chests, Doctor?

[Answer] It has not been a problem of psychological liberation, or a kind of group therapy. No, we are far from that. (Laughter)

(We found him, at any rate, in a healthy spirit of self-criticism. "First of all," he explained, "we have had a tendency to indulge in doctrinaire discussions that are not accessible to the common folk. Secondly," he continued, "another indulgence that has also hurt us is our rejection of any demagogic or rabble-rousing attitude, in consideration of the seriousness and rectitude of our proposals. Our people," he went on, "like to see a

politician go among them, committing himself to their protest and their anguish. Our 'people' are used to the politics of APRA, and especially that of the extreme left, where protest is always done in the presence of a political leader who acts like just another demonstrator.")

[Question] To change the subject drastically, Doctor, a point-blank question: What do you think of Alan Garcia? How would you describe him?

[Answer] The same way we did during the campaign. A charismatic young man who has had the tremendous virtue of being able to bring his party together and carry it to power, but who is not restricted by any government program and thus brings an element of uncertainty to national politics. He has an attractive personality, and is leading the country with a style that some of us do not consider the best way to maintain the dignity of a high office and function. We find that some of his methods, such as the balcony appearance, have already been used by other men like Peron or Mussolini. Thus, when we see a symptom that is characteristic of a certain illness, we must wonder whether we will not suddenly face the risk of the disease itself.

[Question] Is that disease the temptation of fascism?

[Answer] The temptation of totalitarianism, evidently. Messianism and totalitarianism.

[Question] Do you think he is getting vertigo on the balcony?

[Answer] I would say that Alan Garcia is a man who is aware of his historic responsibility, but who sometimes has a tendency to get carried away. Within the country, as the sole authority, and beyond our borders, I see a second danger: Alan Garcia aspires to attain international leadership, which could cause serious damage to the country if it is not well thought out. We run the risk that the country itself will be subordinated to that aspiration.

[Question] And why would it be so harmful?

[Answer] Because just as we contend that intermediate societies should not be factionalized because that would change their nature and essence and because the institutions would end up being placed at the service of the political advantages of the parties in charge, it is much more serious for a country to be used as a platform for catapulting a figure into prominence and thus place the country at the service of his personal aspirations.

[Question] And do we also run the risk of being isolated?

[Answer] Isolation is always a risk. The isolation I fear most is not that which might arise out of the actions of our creditors or those of other countries that are somewhat concerned about advances in the underdeveloped world. The danger I see is the isolation within the Third World itself, which would place us at the head of the most backward, the most distant, the neediest countries.

[Question] And aren't we one of the neediest, most backward countries?

[Answer] Not necessarily. I am concerned, for example, that now, in the consensus that has been achieved in Montevideo, Peru has not found a place next to Mexico, Brazil, Venezuela, and Argentina; instead, Colombia has. The technical reasons are suddenly there, but we have apparently been given something of a consolation prize: the declaration that countries should suddenly limit their debt service to their real immediate possibilities.

[Question] What positive qualities do you see in President Garcia?

[Answer] We cannot deny that he has had the courage to introduce a system, in the battle against inflation, that entails freezing wages, salaries, and prices and lowering the value of money through interest rates, all of which has had an immediate impact on the inflation indices. But have we stopped inflation? No. We have simply applied a hefty dose of aspirin, which has lowered the fever. But the question remains: Is the disease itself corrected?

[Question] Is the disease corrected? What do you think?

[Answer] I would say that the disease has merely been arrested. The patient whose fever is brought down with a good dose of aspirin regains his tranquility and has the impression that his illness can be stopped. Similarly, the effects of this anti-inflation policy translate into something positive: The inflationary expectations that are the most aggressive psychological factor in spurring inflation have disappeared.

[Question] Inflationary expectations that were formed during the last administration. . .

[Answer] It is clear that the inflationary expectations took hold in all sectors, including producers as well as merchants, and also housewives who put their savings in dollars. This indicated that beginning in June, the process of inflationary expectations was the most important factor in fueling inflation.

[Question] There is no doubt that this last Plenum has had a certain impact on you, because approximately 6 months ago you agreed with the policy of minidevaluations, which actually fed those inflationary expectations; moreover, you were very critical of the freezes. . .

[Answer] We have put forth our own economic proposals since 1980, differing with both Popular Action and APRA. We saw other patterns in the process.

[Question] Specifically, do you or do you not favor freezes?

[Answer] No, we have always felt that any kind of subsidy and any kind of freeze on wages and salaries were necessary as immediate remedies, but should be applied selectively and temporarily. The risk we see now is that these measures are not just temporary, and they are not really selective, either. At the Plenum, through our provincial representatives, we learned that the

cost of living in the interior of the country is going up at the same rate as before.

[Question] How? What about the indicators of 3 percent, 2.5 percent, . . . ?

[Answer] No, the general indicators don't, but the indicators we could call proportional do. In some provinces people earn very low wages, and they spend their money primarily on what we could call subsistence items.

[Question] What would the PPC do now, if it were in office, to reactivate the industrial sector?

[Answer] The same thing we said in our communique: establish rules that provide firmness and legal security.

[Question] How would those rules be implemented? By freeing up dollars, perhaps? Deregulating prices, perhaps?

[Answer] It is not a matter of instruments; it is a problem of the entire legislation. One must have an industrialist present to determine whether or not to participate in the dance, and both industrialists and merchants are now navigating the waters without a compass. It is wrong to believe that the problem can be solved by excoriating people who have the virtue of saving and investing, through very generic and even threatening expressions. We have already seen this with the petroleum law. Are there set rules for petroleum investment? We have seen it in mining, in the face of the disasters that have resulted from plummeting prices on the international markets. We have seen it again in the construction sector. We have also seen it with land developers. What we have here, in reality, is a great Penelope in politics that continues to knit and unravel, advance and regress.

[Question] Don't you believe in a "different future"?

[Answer] I am not partial to cliches, which can arouse and confuse the electorate. I am much more specific in politics.

[Question] What do you think, then, of the pressures on the judiciary?

[Answer] In 5 years, I did not hear Deputy Garcia make a single criticism of the Supreme Court. He may have to use his battering ram now, because it is very dangerous to try to subjugate a branch of government. Nor had anyone mentioned the 70-year limit for the Tribunal of Guarantees. These attitudes could be leading us to a dictatorship.

[Question] And what is your opinion of Majes?

[Answer] I would say that it would have been wiser to be informed of the situation before making such statements in Arequipa, which prompted a letter from the president of Electro-Consult that contained harsh terms that were certainly offensive, bordering on insubordination.

[Question] Would you recommend that he get better advice?

[Answer] No, I would recommend that his ministers behave like ministers.

[Question] Getting back to what we were talking about a little while ago, what is the PPC's thinking with regard to democratic institutions?

[Answer] Democracy as a system is based on institutions, and those institutions cannot be subject to politicization or factionalism. The institutions must preserve their own *raison d'être*. When they are manipulated to the benefit or advantage of political parties, they are adulterated, corrupted, and destroyed. That is the tragedy that is taking place in our great labor union confederations, which have political-partisan names; that is the tragedy taking place in our universities, which are becoming tremendously factionalized instead of fulfilling the functions of a university; that is what is happening with the take-over of the professional associations. We will not succumb to factionalism, not in the municipality, the university, the labor union, or the professional association. . .

[Question] We are trying to understand your self-critical emotion. Why blame an alleged "doctrinaire indulgence" when the party doctrine has not been brandished openly or convincingly? The PPC is recognized not so much as a doctrinaire party as a pragmatic party. Isn't that indulgence merely on the part of some leaders who do not want to get their hands dirty or go out into the slums?

[Answer] I think that in that regard, the Plenum we just had was very beneficial. That criticism, the inability to get one's hands dirty and mingle among the "people," the tendency to travel down the same old paths, has been brought up in many different ways. I think that there will be a clear and serious correction of this problem.

[Question] Was there perhaps a lack of humility?

[Answer] Very much so. Humility was greatly lacking, in the sense of identifying with the cause of many simple, ordinary people, and establishing a rapport with them. . .

[Question] Is it a good act of contrition?

[Answer] Yes.

[Question] But you are not going to stand around flailing yourselves. . .

[Answer] No. I think this Plenum has enlightened us about many things that we needed to examine.

[Question] The matter of doctrine still remains. The PPC, as a social Christian party, is not considered to be as critical of neo-liberalism as it is of statism. Moreover, a high-ranking leader, a former member of parliament with a great deal of influence on the party's doctrine, has complained that the speeches given by candidate Bedoya were written by a "nineteenth century liberal" (sic). . .

(Bedoya expressed surprise at our sources of information, and half-jokingly said, "It looks to me like you had a tape recorder planted at the Plenum," amid laughter by all those present.)

[Answer] Our split from the Christian Democrats had just one cause: our conviction that the way to carry out structural changes with democracy and liberty is to strengthen the representative democracy. On that occasion, we were called pure democrats of the liberal stripe, although not with economic criteria. We have been consistent in that attitude. Years later, when we had to fight against the military dictatorship and take a stand on the centralist statism of the military revolution, which based more than one structural change on its fundamental goal of concentrating power, we had to formulate a response from another angle in our campaign for the Constituent Assembly. For that reason the military dictatorship, during the days when Morales Bermudez controlled the newspapers, deformed our thinking and exposed it as an exclusively privatist and nineteenth-century position. That is why the PPC's second image is one that has been considered undesirable.

[Question] To finish up the matter of the PPC, Dr Bedoya, during the Plenum someone reportedly mentioned the existence of a "natural candidate." Is there such a "natural candidate" in the PPC, Dr Bedoya?

[Answer] It would be false modesty on my part and a totally reprehensible attitude if I were to deny that. Thanks be to God, I have had the advantage of being able to lead the PPC within what we have always called a team, in which I am "first among equals." I have never considered myself superior to Alayza or Polar or Ramirez del Villar or other men who have enjoyed support. Thus, I have led the party in a way that I would not call collective, because that would seem to me to be evading the truth...

[Question] What was evaded, Doctor, was the question...

[Answer] No, to a certain extent it is clear that we have begun defining positions, and I am the key factor in keeping the party together. In that case, I am not "first among equals," but just "first."

[Question] Nevertheless, Doctor, we are in December 1985, and there are already some papers floating around with "Bedoya 90" printed on them. Have they been designed for some futurologist in the party?

[Answer] I would not say there is a futurologist in the party, but simply the budding of an enthusiasm and an evident following (laughter).

(There was no doubt about the answer: Bedoya is still the natural candidate of the PPC.)

8926

CSO: 3348/328

PERU

TOWNSEND ON AMBASSADORIAL APPOINTMENTS

/Lima EL NACIONAL in Spanish 20 Dec 85 p 10/

The senate has been confirming the appointments of new ambassadors, in keeping with a longstanding custom that takes place at the beginning of a new government. And that is a good idea, because a new government has to show abroad, within the percentage allocated to the executive branch, the different faces of those who will carry its message to certain countries. I am referring, of course, to the so-called "political ambassadors," because career officers have their professional line and respond to explicit or arcane institutional considerations. This combination of professionalism and politics seems to be typical of a modern state. The chief of a mission is not the same as a major general, nor is he the same as a party leader with a certain amount of power. He has some elements in common with both of them.

In this commentary I will limit myself, as is appropriate, to an objective assessment of the recent appointments of political ambassadors, which were approved by the Senate in the final hours of this legislative session.

Guillermo Hoyos Osores, a sharp and urbane intellectual, will be replaced as ambassador to Argentina (a country of singular diplomatic importance to Peru) by a man who has already attained the status of national treasure: Alfonso Grados Bertorini. A former journalist, Inter-American Development Bank official, and minister of labor, a man who firmly believes in Latin American integration and the Social Pact, Grados Bertorini has an old familiarity with the people and affairs of that brother country, so it will take him less time to adjust than it would a novice.

The new ambassador to Guatemala is Percy Murillo Garaycocha, a writer and painter from Arequipa whose book "History of APRA" is an unparalleled work in the bibliography of the movement founded by Haya de la Torre. It is also an expressive testimony of loyalty to the ideas and struggles of the Master. Guatemala next January will begin a new democratic stage, and for those of us Peruvians who spent an exile full of fraternal encouragement there, it holds a special place in our hearts. Guatemala will be an appropriate setting for the intelligent action of Percy Murillo. A veteran Aprist who belonged to the class founded by the FAJ, a former president of the deputies and national

senator, the very discreet Moqueguan Enrique Rivero Velez will represent us, no doubt with dignity, in that democracy of "simple peasants" (as its national anthem says), our brother nation Costa Rica.

Javier Ortiz de Zevallos was an excellent choice as ambassador to Panama. He stood by APRA from the controversial years of the coexistence, and served as a deputy and constituent, and as president of the Chamber of Deputies. He is a man for whom Torre Tagle has been literally a family home; he will continue in Panama a mission of regional integration that was carried out so brilliantly, with the sparkling lights of a prophet, by his great-grandfather Manuel Lorenzo Vidaurre, Peru's delegate to the Congress of Bolivar. Any choice, logicians say, involves an exclusion. Any likely list of APRA ambassadors would have to include traditional and prestigious Aprists such as Rodriguez Vildosola, Temoche, Checa Solari, and others. We trust that justice and historical recognition will catch up with them in the not-too-distant future.

CSO: 3348/331

PERU

APRA ECONOMIC TEAM COORDINATOR SHES REACTIVATION AHEAD

Lima EL NACIONAL in Spanish 22 Dec 85 pp 3-5

[Interview with Gustavo Saberbein, vice-minister of economy; author, date, time and place not given]

[Text] Gustavo Saberbein, by virtue of his position as vice-minister of economy, is the coordinator of the government economic team. Affiliated with the American Popular Revolutionary Alliance (APRA) for 2 years, he is reputed to be one of the best economic experts. In fact, it could be said that he is the creator of the government's economic policy and is directly responsible for it. In this interview, he makes revelations and assertions that, if they come true next year, could mean the end of the most severe phase of the crisis and the first steps down the road to recovery. To call for an annual growth rate of 5 percent after periods of negative growth is not only optimistic, but truly bold. But there is more to Saberbein than meets the eye.

[Question] What is happening with the economic recovery?

[Answer] In terms of productive activity, we see a recessive trend. In the first quarter there was a high growth rate. This growth then slowed in the second quarter because the change of government led to the paralyzation of decision-making, and because of the surge in inflation and the decline of wages. The new economic measures did away with financial speculation and prompted wholesalers to draw down their inventories. Then sales at the retail level picked up again because the workers' buying power increased. Wholesalers did not replenish their stocks, however, and therefore production did not rise.

There was a sudden drop in production between August and September, but since October there have been signs of recovery. Retail sales are holding the line, and wholesalers are beginning to build up their inventories again. We have clear indications that the recovery is underway.

[Question] We could say that it is a question of reactivating in spite of the unwillingness of industrialists to undertake greater investment at this time.

[Answer] Yes. I believe that on the demand side, there is a clear basis for recovery. On the production side, there has been an initial timidity. But

now some have sold their products 1 or 2 months in advance. A firm that sells buses and trucks has sold its production through the first half of 1986. The initial fear has subsided. For this reason, President Alan Garcia has asked industrialists to bet on Peru by investing in working capital.

[Question] Would the job security program lead to a decline in private investment?

[Answer] If the administration's bill on this matter is accepted, this mistrust would disappear. But if a demagogic labor law is passed, business would think twice about hiring new workers. Legislators must consider the fact that if a business is in danger of going bankrupt because of scarce demand, it must be able to save itself by cutting back on personnel. Labor discipline must also be enlisted to contribute to overcoming the crisis.

[Question] But the failure to acknowledge the workers' legitimate demand for job security could provoke labor disputes, and that would scare off investment. . .

[Answer] That would be possible if during this administration wages continued to lose their buying power and other sectors accounted for most of national income; but that is not the case.

The real increase in remunerations is essential for reactivating the economy and fulfilling an objective of social justice, given that in the last 5 years the decline in most workers' buying power has been substantial.

During its first 5 months in office, not only has this government met its goal of preventing real wages from slipping, but it has even achieved an average raise of 5 percent. For the poorest, the percentage is of course greater, since the 50 percent increase given those who earn the legal minimum wage is much higher than the 24 percent inflation recorded for the period between August and December 1985.

[Question] Tantalean Arbulu of the National Institute of Planning (INP) made a specific offer to businessmen at the 1985 Annual Conference of Business Executives (CADE): major contracts between groups of businesses and the state to produce priority goods such as food, medicine, etc. What about those transactions?

[Answer] It is a matter of coordinated production. The first such project has already taken place in the fishing sector, with the participation of private and public enterprises. I am referring to the production of the La Peruanita cannery, which is double that of any other cannery. It is a success. Production for 1986 will be great. There was also a coordinated effort to boost chicken production through various tax exemptions.

[Question] Which has prompted protests by corn farmers because now everyone buys foreign corn instead of theirs. . .

[Answer] Their protest is natural. We are considering a new price for corn that will cover production costs. Continuing with the matter of coordinated

production, an agreement has been reached for the large-scale production of notebooks that will be sold for a low cost during the next school term. Industry Minister Romero Caro may also obtain another agreement shortly, for the production of cloth for school uniforms at reasonable prices, and perhaps even shoes and textbooks.

[Question] President Garcia has said that next year will be the decisive one. What will the year be like in terms of the economy? Will it be a key year?

[Answer] It will be particularly decisive for the economy. The Economic Program for 1986 has three fundamental objectives: Consolidate the struggle against inflation, reinforce the reactivation of production, and progress further in the transformation of our economic structures of production, distribution, consumption and investment. I believe that in the battle against inflation there is no middle ground. It is imperative that the government, business, labor and housewives all stick together, each doing our share of work and expressing confidence in the successful outcome. In this way we have managed to make significant progress in the first 4 months of government, cutting inflation from a monthly rate of 11 percent to one of 2.7 percent in November. According to preliminary figures from the National Institute of Statistics (INE), the December inflation rate will be even lower.

Nevertheless, I think that to begin solving our problems, we must call for GDP growth rates of 5 percent or more per year. And to keep that growth steady, we must, among other things, replace imports in a different way than in the past, and decisively boost our exports.

Advancing in the transformation of our economic structures for us means producing more and investing more in the economic sectors and branches involved in meeting the basic needs of food, clothing and shoes, health and sanitation, education, public transit, popular recreation, and others.

[Question] Won't Peruvians have to swallow a bitter economic pill in 1986?

[Answer] Absolutely not. For example, there is no reason to devalue the currency right now, or to raise the price of gasoline. For this reason, the government has decided not to do so, and that decision will hold for at least the next 6 months.

There is no need to devalue because since 28 July we have not lost parity, due to the minor influence of inflation, the balance of trade surplus of more than \$1 billion for the year, the devaluation of the dollar by nearly 8 percent with respect to other hard currencies, the creation of a financial market that puts a premium on changing part of traditional and non-traditional exports, the greater protection afforded the domestic market, and the decision taken on the foreign debt.

There is no need to raise the price of gasoline because its price is already high, because public finances have improved, and because like devaluation, such a price hike would have an enormous inflationary impact, for both economic and psychosocial reasons, as well as others.

The freeze will remain in effect as long as business costs do not go up. Our policy is to resolve exceptional cases of prices that are below production and sales costs in a fair manner, taking into consideration a reasonable profit margin.

We believe that the decline in interest rates that should accompany the drop in inflation, as well as the reduction in per-unit production costs that accompanies any improvement in the utilization of existing production capacity, will facilitate the stabilization of prices in the manufacturing and related services sectors. To prevent a rise in food prices, the government and the private sector must strive to boost production, improve storage, and pursue the battle against speculation.

[Question] Mr Vice-Minister, let's go on now to discuss the theoretical basis of what your team is doing with the economy. Some say that the economic team is made up primarily of people with postgraduate degrees from European schools, who think differently than the team of the previous administration, which came primarily from U.S. schools. . .

[Answer] I don't think there are geographical distinctions. This team was educated mainly in Peru, with postgraduate studies in Latin America, Europe, and the United States. Its point of departure is an analysis of the situation at hand, drawing on certain aspects of classical thought and methodology and contributing specific knowledge of the dynamics of the national economy.

I believe that a new economic approach has emerged, one which is acutely aware of the productive aspect of the economy. It does not ignore the financial and monetary aspect, but it contends that the currency should be at the service of production, and not vice-versa. Within the need for growth, it gives priority to the redistribution of income with an emphasis on the development of the rural sector, and then to agroindustry.

[Question] That is basically the approach taken by ECLA. . .

[Answer] To a certain extent, yes, but this approach goes beyond ECLA's proposals.

[Question] We could talk of a "cholo" [Peruvian] school of thought, or "cholo economics."

[Answer] More likely a native-born economic thought, based on APRA economic theory.

The economic team was formed quite far in advance, and it began its work more than 2 years ago, following explicit directives from the current president of the republic. It met periodically at the CONAPLAN local office under the leadership of Luis Alva, who is now chairman of the Council of Ministers and minister of economy and finance.

During the months prior to the transfer of government, the work intensified for the purpose of finishing the precise formulation of the most important

policies and measures. Implementation of them began with great determination right away on 28 July.

The internal debate among the members of the economic team and the leaders of the party was enriched with contributions from outstanding members of the national and international economic community, who agreed with our government objectives.

Without all that effort to form teams, without all that work in drawing up plans and programs, without the theoretical foundation of the party, it would have been impossible to achieve what we have so far.

We are not boastful or arrogant, nor do we believe that the problems can be solved easily. We are convinced that we Peruvians can indeed solve our problems, that the decisions the government has made so far are on the right track, and that if we continue to implement these policies with the support we have enjoyed to date, and with a greater commitment to Peru on the part of the urban and rural producers, then our problems will be solved gradually.

[Question] Could it be said that the economic team has updated Aprist economic thought?

[Answer] Exactly. It has been enriched with the progressive political and economic thought of the national and international community, because the world is constantly changing. For example, the expression "imperialism" has different meanings depending on the time. Its concrete form used to be the economic enclaves. Then it changed to an industrial expression. Now, as we see in the case of Latin America, its manifestation is the foreign debt, which affects our entire policy.

[Question] Let's get back to immediate issues. There has been talk of a third package of economic measures by January. But if you say that there won't be any devaluation or gasoline price hike, what will it consist of?

[Answer] The measures will complement the positive aspects of the emergency program. Last Saturday the economic team held a meeting that was chaired by the president himself. We evaluated what has been accomplished so far, and we decided that if inflation continues to decline there will be a reduction in interest rates. If the price of remunerations continues to lag behind, there will be an increase in real terms. We are now looking at ways to finance that raise. We are also analyzing the case of public sector rates, and the prospects for agricultural production over the coming year. We decided to aim for vigorous growth in 1986 to consolidate remunerations through the reinforcement of production.

[Question] The unilateral moratorium on the foreign debt runs out in January. How are the negotiations on this matter going with the private banks?

[Answer] We asked for 6 months to study the real situation in the country and to apply our medium-term program. We see now that it is impossible to pay the debt as agreed. We are putting the finishing touches on a comprehensive

proposal on the debt, which includes much longer terms, significant grace periods, and lower interest rates. . .

[Question] What terms would be most appropriate for Peru?

[Answer] We are requiring, for example, a payment term of 20 to 30 years, with a grace period of 5 to 7 years, and substantially lower interest rates in keeping with the inflation rate in industrialized countries such as the United States, where inflation is 4 percent a year. We have prepared these calculations with the help of computers. Our creditors are also making their own calculations, and they know that it is impossible for Peru to pay its debt as contracted. In dealing with the problem at the level of Latin America, some changes have already taken place. The indebted governments used to negotiate with the IMF. Now, as in Argentina's case, that country's government has negotiated with the U.S. Government. That is a real step forward.

Even the Baker Plan is a step in the right direction, but it is not enough. It has scarce resources, and it still requires the application of certain economic policies for obtaining loans.

[Question] That plan is merely the continuation of what the banks have always done: lend to increase indebtedness, but under the same terms. . .

[Answer] Right. At this time, however, the plan appears to be a form of pressuring the banks when they do not want to lend another dollar.

[Question] But the terms have not changed. . .

[Answer] Yes. That is why several Latin American countries have realized that it is important to maintain their independence in setting economic policy. The decision on the debt has allowed us to pursue a non-recessionary economic policy, and it has enabled us to avoid devaluing the currency or raising interest rates. This decision is a cornerstone in the recovery.

8926

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PERU

1986 NONTRADITIONAL EXPORTS TO REACH BILLION DOLLARS

Lima EL COMERCIO in Spanish 22 Dec 85 p F-16

[Interview with Ricardo Vega Llona, vice-president of ADEX; author, date, time and place not given]

[Text] The vice-president of the Exporters Association (ADEX), Ricardo Vega Llona, discussed the incentives for exports, including the freeze on the exchange rate, and other matters in an interview with EL COMERCIO.

He described the exchange rate freeze as a measure that must be considered with great caution. He pointed out that incentives must be restored, and noted the importance of coordinating efforts. Vega Llona also mentioned the problems of the Andean Pact. He stated that national exports will total \$1 billion for this year, but they could have been even higher.

Here are the highlights of the dialogue:

[Question] How has the nontraditional export sector performed during the year that is drawing to a close? Did it fulfill expectations?

[Answer] Unfortunately, we do not have updated figures. It is estimated on the basis of real figures and projections, however, that nontraditional exports from our country will total about \$1 billion for 1985.

[Question] Was that figure predicted?

[Answer] Yes. You may recall that at the end of the previous administration different, much more decisive action was taken to stimulate exports. Certain incentives that had been taken away in 1981 were reinstated. That gave exporters a shot in the arm and enabled them to correct certain internal situations caused by the country's economy, which, as we all know, are always present.

[Question] Do you consider this a good year?

[Answer] Well, if we compare it with previous periods, yes; but if we take it as a point of departure and compare it with the year when the Export Act was promulgated under Minister Silva Ruete, then it is not.

[Question] In your opinion, why were the export incentives removed or cut back?

[Answer] Unfortunately, in our country we are fighting against dogmas. The liberal dogmatism had, and still has, much influence. Much of the GDP is in state hands; it is disproportionately large, and that is the root of the budget deficit and other factors. In view of this situation, how can anyone think that the only applicable law is that of supply and demand? There was a serious mistake that was partially solved in the final months of the previous administration, largely due to pressure by Silva Ruete and Sandro Mariategui.

[Question] Which incentives were reinstated?

[Answer] More flexibility was provided through the Nontraditional Export Fund (FENT) to lend more importance to the Peruvian Export Credit Insurance Company (SECREX), with major support from the Central Bank. In addition, certain levels of Export Certificates (CERTEX) were restored.

[Question] Is the reinstatement being completed under the new administration?

[Answer] At this time, the current government has invited us to participate in the process, because it will yield the measures that will lend stability to all sectors of the country from the legal standpoint. Nevertheless, we are concerned because we do not have the specific foreign trade program.

[Question] What is ADEX asking for to boost exports, aside from stable rules that any government ought to provide?

[Answer] If we assume in general that we require stability, the most immediate need is to draw up those rules. While we are formulating them, we need for the government to reinstate the export incentives that were withdrawn, so that a program can be developed on that basis.

[Question] To which incentives are you referring?

[Answer] To the two basic incentives on which exports are based: the FENT and the CERTEX.

[Question] There are misunderstandings about the CERTEX. . . .

[Answer] Unfortunately, it has become a whipping boy. I agree with the government sources who contend that the CERTEX is one more means of correcting the internal distortions in the economy.

Freeze and Exports

[Question] How is the exporter affected by the exchange rate freeze?

[Answer] Thanks to the 6-month freeze on the exchange rate, we must calculate what damage the exchange rate lag will do to exports.

[Question] The loss of competitiveness for our products at the international level. . .

[Answer] Yes and no. Because if the exchange parity is real (it depends on which formula is used to determine it), if the inti or the sol has a real exchange rate with respect to the dollar, we are already taking a step forward for traditional and nontraditional exports. But the government must also have an incentive policy. Having parity is not an incentive by itself.

[Question] Exporters are regarding the exchange rate freeze with caution.

[Answer] That's right. We feel that the macroeconomic policy the government is pursuing must be supported because of the substantial success it is having in the battle against inflation. But now it is time for the reactivation. An exchange rate that is below the par cannot encourage exports. There must at least be a balance.

[Question] With regard to this reactivation, which export sectors will have to be given priority for granting incentives?

[Answer] The crafts sector must be developed to a high degree, not only because of the amount of dollars it can bring in but also because it employs a great deal of Andean manpower. Artisans are a kind of businessman. Another area is agriculture and livestock, which has been ignored by recent governments. It has tremendous potential both in its initial phase and in agroindustry.

[Question] To carry out this incentives policy the best way possible, do you favor placing international trade under the jurisdiction of a specialized entity?

[Answer] Absolutely. Regrettably, in recent years foreign trade has been manipulated. It has been regarded as a means of earning taxes and not as a tool for development, which is what it should be.

[Question] But that will take time. And in the meantime?

[Answer] Meanwhile, at the level of the prime minister, there should be one person coordinating with the offices that oversee foreign trade. Without coordination, commerce does not work.

Leader in Andean Pact

[Question] Part of the lack of coordination is also due to external factors. In this regard, what do you think of the commercial experience of the Andean Pact?

[Answer] We integrationists are disappointed. We set very high goals. At present the level of integration is no higher, but there is a willingness. The trade figures are significant, however.

[Question] We must not forget the rancor of various member countries.

[Answer] We must be creative and understanding so that we can take corrective measures. When countries' economies are adjusted, we have protectionist measures. But note that the binational specialized chambers have been solving the problems. This is one way that governments can use the private sector. It is necessary for one of the presidents of the Andean Pact nations to take the lead in integration.

[Question] Binational agreements are more productive than multinational ones.

[Answer] For the time being, yes. But remember that binationalism is a cancer on subregional integration.

[Question] The European Economic Community (EEC) can be a model to emulate.

[Answer] The EEC functions very well. . .

[Question] But its situation is different. Could its principles be applied, perhaps?

[Answer] Any principle of an integration model could be put to good use; the key is not to be dogmatic.

[Question] The Andean Group lacks impetus.

[Answer] As I said, it lacks a leader who will "take up the cause," and it lacks significant participation by private business, not at the level of conferences, but with voice and vote.

[Question] The minister of industry and commerce has been replaced. Has ADEX held talks with the new minister yet?

[Answer] Yes. The new minister, Romero Caro, has laid down guidelines that we find exciting, especially with regard to the willingness to coordinate efforts.

[Question] What are the guidelines in that coordination?

[Answer] The National Confederation of Private Business Institutions (CONFIEP) will be considered the official spokesman for the private sector with the government. We will sit down with the government experts to deal with a variety of issues, including that of nontraditional exports.

[Question] Is there any difference between him and his predecessor?

[Answer] Minister Atala, with all due respect, is a great professional, but I wonder why he was unable to establish a better rapport with the private sector. One thing that concerned me was when he began to use the word "crutch" frequently with reference to national industry. In a country that needs crutches, is it possible for industry to go without crutches? Also, Minister Atala talked a lot about subsidies. Isn't it better to talk about incentives? This is very serious, because even in the documents of the

Central Bank the word used to describe the CERTEX and the FENT is subsidy, not incentive.

[Question] With adequate coordination, what future do you see for the export sector?

[Answer] If we can agree on a proper foreign trade policy, the export sector can deliver \$2.5 billion to this government in the last year of its 5-year term.

8926

CSO: 3348/330

PERU

MINISTER OF AGRICULTURE ON PROBLEMS, PERSONNEL, POLICIES

Lima EL NACIONAL in Spanish 23 Dec 85 pp 2-4

[Interview with Agriculture Minister Mario Barturen; author, date, time and place not given]

[Text] [Question] Your team should be much happier now that it has gotten that nice raise.

[Answer] Ah, yes. It's not much, but I think it rewards their work. They have been very underpaid. This is the beginning of the wage rectification that the government has promised. Next it will proceed to the other employees.

[Question] Why did they start at the top?

[Answer] There is discontent among the auxiliary personnel, and with reason. But the government cannot cover all the needs because of the large number of people. If the people on the bottom were taken care of first, it would require much greater resources. It will do so beginning in January, anyway.

[Question] Have you encountered real difficulties in forming technical teams in the new administration?

[Answer] Yes.

[Question] What kind of problem?

[Answer] Problems in getting people with experience and familiarity with the agrarian sector, and also maturity. The agrarian sector, professionally, is the productive sector that has suffered the most decapitalization. This is due to an agrarian reform program that was designed as a policy to recompense agrarian workers, but did not incorporate them in a coordinated, allied effort with technicians. We all recall that in the sugar cooperatives there was a high percentage of technicians. They were shunted aside when the agroindustrial cooperatives began to take shape in the sugar sector. A great deal of technical experience was lost in terms of the management of the germoplasma (sugar cane seed), pest control, irrigation improvement, controlling the saccharose yield, and managing the sugar mill. During those

days the plantation owners, the sugar barons as they were called, took good care of their technical experts. The sugar cooperatives should have kept this technical team on hand, but they did not; they alienated them. So the technicians left, because there was a great demand for them on the market.

[Question] One of the comments made about you in the technical sector is that perhaps your principal defect is that you are not an agrarian technician. Do you acknowledge that deficiency?

[Answer] Well, I would like to explain that to be a minister one need not be a technician, but primarily a politician.

[Question] That in itself is a confession.

[Answer] That's right. The fundamental requirement is that the minister be a politician, because he is entrusted with implementing policy.

[Question] Would you say, then, that in this respect you are more a politician than a technician?

[Answer] Yes. One person who has said this is Mr Navarro Grau. I would like to remind him that he was minister of education.

[Question] He is not the only one who has noted your alleged lack of a technical background.

[Answer] At least I saw in an interview that he said, "I wish Barturen were an agronomist, but he is an accountant, and, well, what can I do?" When he was minister of education, I never said I would have preferred a teacher. I would say, for example, that the most brilliant minister of food (he was not minister of agriculture) was Gen Hoyos Rubio.

[Question] With whom you worked.

[Answer] Right.

[Question] Did you support the second phase?

[Answer] I was more enthusiastic about the first than the second.

[Question] Did you work with the first, too?

[Answer] Yes, in 1970 I was working in Fishing, until 1972. In 1973 I began working at the Public Enterprise for Food Services (EPSA), and stayed there until 1975.

[Question] Now that we have brought up the first and second phases, which of the military officers who sat in this very office where you are now do you recall with the most esteem?

[Answer] Gen Hoyos Rubio.

[Question] Why?

[Answer] He was a very honorable person, very forthcoming in his views and in the way he backed up his subordinates. He was very friendly, and during difficult times he conducted himself with great restraint.

[Question] During that decade the American Popular Revolutionary Alliance (APRA) was a little disoriented in its agrarian policy, wouldn't you say?

[Answer] Not disoriented, let's say. . . .

[Question] It was coming from an alliance with the plantation owners.

[Answer] Sure. That is, an electoral alliance that was forged to strengthen certain democratic operations in the country, but it evidently entailed some political attrition. It was because of that political attrition that APRA, abandoning that electoral alliance, could not clearly define its policy on the development of agriculture.

[Question] What comment do you have on the assertion that you are one of the ministers who are closest to the president, or friendliest with the president?

[Answer] I am a very good friend of his because of our political background. We met in the party. I belong to the generation before his, and the first time we met he knew something about my political record, because he told me that he was very eager to meet me. We have engaged in political discussions since then, and have shared our concerns. I hold him in great esteem, and he returns that esteem. He is not an old friend; I did not meet him, for example, in my student days. I studied at San Marcos. I finished when he was just starting.

[Question] Alan Garcia made an offer before becoming president: to eliminate the bureaucracy in this sector. The part of the agrarian sector where this is most evident is the Rice Marketing Enterprise (ECASA), but certainly not here, at the central headquarters. Would you concede that things are behind in this respect, that there is a deficiency?

[Answer] No, I would say that I have followed a strategy for directing the sector, because in the initial months we basically devoted ourselves to supporting the emergency plan as vigorously as possible. These strategies will take shape in 1986. For example, we have already identified all the actions we will take in the regional offices. We will regroup the regional offices according to certain regionalization criteria, regardless of departmental borders. There will be regional directors of a sort, coordinators with a certain rank or regional vice-ministers, who will be delegated enough authority to make decisions and manage resources. The sector's budget and those of all the sectors should be regionalized. In other words, I transfer resources to such and such a region according to its budget, and I allow it to take action freely, and I evaluate both the actions it takes and the efficiency with which it manages the resources allotted to it.

[Question] You are speaking more of a decentralization, in the sense of delegating authority to the regions, rather than a transfer of agrarian workers from Lima to the provinces. What will happen with the latter proposal?

[Answer] Let's say that this is not the most significant area for the implementation of decentralization and the transfer of personnel. Because if we only create offices and do not give them the capacity to make decisions and manage resources, there will always be a very large central nucleus here. I believe that the important thing is for the physical deconcentration and the regionalization and ruralization of the ministry to enable the regional officials of the ministry to make decisions, based on the mandate of the legal provisions. For this purpose, they also need adequate financial resources. In this way, the next step could be to identify all the actions taken in the sector at the regional level, and to remove from Lima all actions that no longer need to be there. Another important step in this deconcentration is the one we are studying to help the farmer participate in the major decision-making in the sector. This also responds to the agreements of the Unified Agrarian Council, in the sense of delegating as much responsibility as possible to organized producers.

At this time a number of activities are taking place in the sector to support producers; but they are being carried out with a paternalistic attitude; the state wants to do everything. The state always subscribes to the idea that it should control as much as possible, because public service employees and users always break the rules. So the state creates a system of control, supervisorial positions, and a whole series of monitoring mechanisms. Rather than promoting development, the state supervises, administers. That is why you can see that there is more administrative than technical personnel in this sector.

[Question] That's right.

[Answer] This philosophy has been around for years; it is not just from this era. It is a concept of a supervisorial, centrist state that wants to intervene in everything. We believe that the time has come for the state to confine itself to general norms for political leadership, and to transfer to the organized farmers all the systems for supporting the producer, which they should administer. For example, we have the agriculture and livestock research and extension programs, where improvements are being made in seeds, soils, management, the use of fertilizers, the application of irrigation. We have a great institute that has regional programs; it has extension technicians who go out to the field. In most of this extension and promotion work, we can ask the organized farmers to work as a production committee and obtain from the ministry the elements, the infrastructure, and the personnel to carry out this work. But the goal is for these elements to participate with the farmer committees in these efforts.

[Question] What were the most negative elements you found in this sector when you took office as minister of agriculture?

[Answer] A totally chaotic organization. Autonomous institutes all over the place. Regional offices that had not been made operational, had no equipment, no funding, totally bureaucratized. And a mountain of papers and procedures that smother the work every day and do not allow enough time for the person in charge to go out and lead the sector from the outside.

[Question] What will happen to prices after 1 January?

[Answer] Well, we are holding working meetings with the economy and finance team. Now. . .

[Question] Now you understand each other better?

[Answer] We have always understood each other well.

[Question] I am not saying you have not understood each other well, I am asking if you understand each other better.

[Answer] Oh, well, yes, we have made progress. Over time, people understand each other better. We have worked with the economy and finance sector and we continue to coordinate constantly with them to draw up the economic plan for 1986. As the president of the republic and the prime minister and minister of economy have already announced, the government has decided that the key factors in the management of the economy must remain stable so that inflation can be kept under control and the country's economy can be truly consolidated. In that regard, it has been announced that the price of gasoline will remain the same, that the price of the dollar or the exchange rate will stay the same for 6 months, and that interest rates will be adjusted.

[Question] And in the agrarian sector?

[Answer] With all this, we in the agriculture sector have already determined which products we will promote in the new season. The products covered by the price improvement fund are national wheat, national barley, soybeans, yellow corn, starchy corn, quinoa, kiwicha, tarwi, oca, ullucu, and green beans. We will promote all these products.

[Question] Which means that farmers can get better prices for these products?

[Answer] Yes, prices that will encourage them to produce more. With higher production, they will become more efficient and therefore improve costs.

[Question] How will that affect the market?

[Answer] The incentives will cause this production to grow, and we will have national production contributing to the gradual reduction of imports of goods such as wheat. This year there has been a good response to our promotion program. We will obtain at least 60,000 tons of wheat to be used in making flour. We plan to make regular reductions in the wheat shortfall that must be offset with imports. We are also promoting the cultivation of soybeans. Soybeans have an important characteristic: they are a legume that releases nitrogen into the soil, and that enables poor soils to recuperate. It is a

good crop to rotate with rice or corn. We are also promoting starchy corn to contribute more directly to the national diet. Hard yellow corn is used by poultry and livestock growers, and part of it is imported. If we can grow more hard yellow corn, we can gradually cut imports of this product. Quinoa, kiwicha, ullucu and other native products are the first ones we want to develop and then incorporate into the market. In the beginning, we will promote them in the so-called captive dining halls or soup kitchens, the jails, the hospitals, the Army, where consumption of these products can be encouraged until they are more and more developed on the market. The second stage will be when they finally enter the market in an open economy.

[Question] Will the public have to pay a higher price for these products?

[Answer] No.

[Question] For example, how much will bread go up, or beer, or. . .?

[Answer] In the beginning they will not go up, because the price improvement fund is financed by the national budget. Moreover, their prices should be in line with what they sell for on the international market.

[Question] What products in the family basket will go up in January?

[Answer] Sugar, milk from the National Enterprise for Industrial Marketing (ENCI), and the fresh milk that goes to the plants, are the products for which the economy and agriculture sectors will have to set a policy. Now, to the extent that the principal indices of the economy remain stable, the adjustments will be very insignificant.

[Question] How are relations between the Ministry of Agriculture and farmers, in general?

[Answer] Well, we have an understanding. It is well known that we have had supply difficulties because of the lack of production of certain products, but these problems have already been overcome with the support of farmers. Such is the case with chicken and red meats. By talking and coordinating, we have managed to solve these problems. At present our relations with farmers are very harmonious. They reiterate their desire to support the sector, and we our desire to support them for their productive and commercial development.

8926

CSO: 3348/330

PERU

ECASA FIRST PARASTATE ENTERPRISE TO REGIONALIZE MANAGEMENT

Lima EL NACIONAL in Spanish 23 Dec 85 p 11

[Text] Acting on the new directives issued by the central government and the ministry that governs this sector, the Rice Marketing Enterprise (ECASA) has begun developing the regionalization program whose central objective is to improve the administration of the enterprise.

"ECASA is approaching the regionalization process as a business decision to generate additional, appropriate, fair, streamlined and efficient distribution, and also to respond to a government policy of regionalizing the country and giving economic, financial and operational autonomy to the regions," reported Jorge Luis Garcia Pazos, president of the ECASA board of directors.

He added that ECASA perceives regionalization in the terms set forth by the Peruvian Planning Institute, which designed the program. "We are following that organization of regionalization on the basis of microregions, and we are also following to a certain extent the formation of a financial circuit. In this way, once the regions have gained autonomy, they will be able to adapt to this integral system," explained Garcia Pazos.

ECASA is the first state enterprise to implement the regionalization program, with the opening of the regional offices in the northern district, headquartered in Chiclayo; the mid-northern district, headquartered in Trujillo; and the northeastern district, headquartered in Tarapoto.

Garcia Pazos expressed confidence that each regional office, being managed by local personnel, will be much more familiar with the issues than it would be if managed from Lima. The policy and the approach taken by the enterprise dictate that all financial management in ECASA be democratized upon payment of services. "We are certain that the regions will be able to lay down rules or follow the rules and regulations of the central office, so that quotas for transportation and rice hulling at the mills can be established democratically, and so that the entire management of the enterprise can be democratic. This must go hand in hand with appropriate treatment of the enterprise's human resources, taking into consideration what a democratic, nationalist and popular government means," stated the president of ECASA.

He added that the autonomy of the regions will be total and absolute with respect to operations, since the central office in Lima will have only a core group of regulators who would provide guidance to the regions in that regard.

The operational aspect is now the responsibility of the regions, and the central office will be able to regulate the enterprise by concentrating the information on the regions in a computerized system that is being implemented as the regional offices open up, with their respective computation centers.

The system is based on the use of high-power microcomputers with large memories. They are connected with the central office through the microwave system, or in its absence, through radio contact. ECASA is equipped with an efficient radio system that can be used for that purpose, explained Garcia Pazos.

ECASA will have six regional offices throughout the country. In addition to the ones already opened, the central district regional office will open in Huancayo, the metropolitan district office will open in Lima, the southeastern office will be headquartered in Puno, and the southern district office will be located in Arequipa.

8926

CSO: 3348/331

PERU

BRIEFS

MILITARY FACTORY NEEDS FOREIGN MARKETS--The Military Equipment and Transport Enterprise (ETRAMSA) has the necessary resources to manufacture missile launchers and armored vehicles, but mass production depends on whether it can secure major markets abroad. This was revealed by sources in the enterprise, who indicated that the manufacture of these weapons solely to supply the Peruvian military is not very profitable. "A broader market is needed," they said. To ensure the success of its projects, the enterprise has engineers specializing in rockets, missiles and weapons in general. They received training in Peru and honed their skills abroad. ETRAMSA also has the necessary infrastructure to manufacture combat helmets, mortars, gamelas, gas cylinders, small-caliber weapons, and assault rifles. At present, this enterprise (which was formed on the basis of what used to be Moraveco, with economic contributions from the Navy, the Air Force and the Army) is involved in assembling 600 buses for the Ministry of Transport and Communications. Some units have already been delivered, and it is estimated that the total number of vehicles will be available no later than next July. The vehicles will be used for urban and interurban transport. By next year, the directors of the enterprise plan to be manufacturing trucks for private use and for troop transport. This is "an industrial vacuum that we could fill with great success," commented a director of the enterprise, who pointed out that at this time there is no production of trucks from 3 to 15 tons in Peru. ETRAMSA will produce medium-sized trucks of 8 to 9 tons in conjunction with foreign firms, with a high percentage of nationally-produced parts. [Text] [Lima EL COMERCIO in Spanish 23 Dec 85 p A-1] 8926

CSO: 3348/330

TRINIDAD AND TOBAGO

CHAMBERS: GUYANA NOW PAYING FOR EXPORTS IN CASH

FL301702 Bridgetown CANA in English 1527 GMT 30 Jan 86

[Text] Port-of-Spain, Jan 30--Prime Minister George Chambers says Guyana, which owes Trinidad and Tobago close to a half a million TT dollars, has been paying in cash for any goods it purchased from this country over the last six months.

Chambers spoke Tuesday night during one of his meet-the-people tours, in response to a query about the status of Georgetown's TT400 million dollar debt (one TT dollar; 27.7 U.S. cents), accumulated mainly because of foreign-exchange-starved Guyana's inability to pay for its oil imports from Trinidad and Tobago.

Ever since last July, he said, Trinidad and Tobago had operated on a current account basis, with Port-of-Spain reducing Guyana's outstanding debt through purchases from Georgetown.

Apparently, said Chambers, many people do not know that a system has been worked out between the two Central Banks whereby no foreign exchange is released for purchases made in Guyana.

Whether you (importers) bring in bricks, lumber, poles or rice (from Guyana), the system which obtains now is that you are importing from Trinidad and Tobago, and will make your payments to the Central Bank.

The Central Bank would give the Guyana Government credit for that against its loan and the Guyana Central Bank will pay the exporter in Guyana in Guyana dollars, so that nobody in Trinidad and Tobago who is importing from Guyana need send any foreign exchange out of Trinidad and Tobago.

Port-of-Spain, Guyana's main supplier of crude, last year curtailed a credit facility under which it used to provide oil to Georgetown.

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CSO: 3298/309

VENEZUELA

MORALES BELLO REITERATES INTEREST IN PRESIDENTIAL CANDIDACY

Caracas EL NACIONAL in Spanish 14 Dec 85 p D-16

[Article by Mario Villegas]

[Text] David Morales Bello is a persistent man. He has never denied his desire to be president of the republic. But the highest post in the land is not for him an end in itself, but a platform for launching and realizing in practice the national aspiration for advance and progress, blazing new paths toward collective happiness.

Morales Bello sought the presidential candidacy with the Democratic Action (AD) in the preceding constitutional period. He did not win the nomination. He obtained about a fourth of the votes cast by the electoral colleges, which according to his followers was a respectable figure, above all if the fact that the nomination of the current president, Jaime Lusinchi, had been endorsed by the late founder and highest leader of the AD, Romulo Betancourt, in a maneuver which made Manuel Penalver secretary general of that political group, is taken into account.

The aspiration of this lawyer and parliamentarian from Guayana is still alive. And the results of the recent municipal elections held by the government party will have strengthened it, in the view of his supporters.

The possibility of retreat is not in Morales Bello's plans. As he told us yesterday, he is not about to abdicate.

Wrong Approach

David Morales Bello did not adopt a belligerent position during the base-level meetings which launched the national process of renewing the officials of the Democratic Action. However, he was critical of those of his comrades who supported the effort to exploit the willingness in the AD to engage in an undesirable confrontation with President Jaime Lusinchi's government.

"During the electoral campaign soon to end in the AD, I have maintained and I continue to maintain a position which is critical of those of our people who believe that the best way of proselytizing internally was to capitalize on dissatisfaction and to adopt a position of confrontation with the government

of our own party, pursuing the absolutely erroneous approach relying on presumably increasing discredit of the government team headed by President Lusinchi."

His criticism was the result of his conviction concerning the commitment made by all AD members when they sought to win votes to return to government office. In his view, it is not acceptable to make some AD members appear as responsible for the actions of the government, while others seek to benefit from the failures or errors which can be attributed to the administration. "For these and other reasons, I have refrained from involvement in the dispute which developed on the local level, and I made my contribution, as I have continued to do with the party, from the institutional point of view, to the defense of the principles, with respect for others as the source of the respect I hope to obtain for myself," he said.

No Abandonment of Aspirations

In any talk with Morales Bello, the theme of his candidacy always comes up. And he discusses it openly.

"I do not surrender the right I believe I have to keep the level of my presidential aspirations high."

He says that this also was one of the reasons for his peaceful attitude during the course of the internal process. "I believe that the party needs to leave the door open for those who, having the intrinsic capacity for proper management of a presidential candidacy, also have the prerequisites for acceptance by all of the sectors who make up the organization."

"With regard to the internal process, I issued a warning to the effect that belligerent participation meant taking risks which might well mean sharing in the defeats of others, as well as winning artificial triumphs, and neither of these things were very attractive. Thus I did not allow circumstances to tempt me, and today I can tell you in all seriousness that between the winners and the losers, I identify more with the former, for as long as I am not among the losers, the possibility remains for me to join the winners. However, in real terms I believe that if I have achieved any success in this internal process, it is that I have demonstrated I can retain my political effectiveness in action without having to involve myself in the disputes of others, and without having to exhaust my potential for serving the party as a whole.

Potential Perez-Morales Clash

Morales Bello has always occupied a political position very close to that of former president Carlos Andres Perez. It is thought, however, that if both hope to be the standard bearer of the AD in 1988, an obvious clash of interests will necessarily arise between the two. However, the politician from Guayana says he does not know that Perez has any desire to become president of the republic again.

"Comrade Carlos Andres Perez has not told me nor suggested to me that he is working toward the fixed goal of seeking the presidential post in the 1988 elections. Therefore I have no reason to act on an indication which could come about if this aspiration does exist, because of the friendship and trust which exist between us. Therefore, in the pursuit of my political activities, none of the guidelines I have set forth are in conflict with those he is said to be establishing. When he in turn is asked by the media about this possible candidacy, his answer is that this is not the proper time for definitions in this regard. I have taken a different approach in maintaining that where I am concerned, I believe that it is desirable to make it known that I have not abandoned the aspiration I set forth in connection with the 1983 elections, and which is still mine, because not a single one of the factors which led me to adopt that decision has changed. Rather, I have been able to see around me an increase in the encouragements from other individuals which have helped me and are helping me now to keep my political image in constant development with a view to the party and the country."

Morales Bello's Priorities

Morales Bello says that his political training had as its basis his concept of the country's need for faithful interpreters of its feelings who are also capable of contributing solutions to the problems of a collective nature.

"It is for this reason that, along with remaining politically active, I always try to pursue directions and make contributions such as to embody what I view as the pedagogical content of the exercise of political leadership. This explains the fact that a weighty concern in my current priorities is what needs to be done in the AD to strengthen the cooperation of the membership and the leadership for the purposes of achieving favorable results in actions characterized by homogeneity and solidarity. And where the country is concerned, I insist on making it clear that the aid given me by the national collective to make me an individual serving the general interests of all Venezuelans have not been in vain. As a result I am committed to the advance of a social campaign, which remains political as well, in combatting the development of drug trafficking in our country and seeking to create a collective awareness which will lead us to build a wall to contain the very serious harm which drugs are doing, above all among the young people in our country and throughout the whole world."

This parliamentarian from Guayana, who says that he views politics as, philosophically, the search for collective happiness, believes that anyone who wants to work in the political sector in Venezuela cannot, at this time, stand aside from the campaign against drugs.

"Naturally, I do not limit my political struggle solely to the social campaign against drug traffic and abuse, but I include this aspect in the priorities which, to my way of thinking, must be taken very seriously by any political leader who hopes to have major acceptance in Venezuela and by Venezuelans."

With regard to his immediate aspirations and political plans, Morales Bello says that they have to do "with what must be done in the AD to keep party efficiency high in the functions of government, and for the purposes of

collective productivity, and what needs to be done because of the commitment made to the country, which has placed its trust in the AD and has not expressed any wish for deviation from the path it approved in 1983 elections.

"I feel that my effective action is developing steadily, and as what is of interest to me is not to achieve individual prominence to satisfy personal ambitions, but rather to serve as tool for the aspirations of the country for progress and advance, as well as the continued service of these respectable general interests by the AD, I am making an effort to remain in the front ranks of the possible AD choices, in the belief that my commitment to excellence is a commitment to the people whose special characteristics I represent.

5157

CSO: 3348/339

VENEZUELA

COPEI PRESIDENTIAL CANDIDACY BECOMES CONTROVERSIAL

Caracas EL UNIVERSAL in Spanish 11 Dec 85 p 1-14

[Article by Alirio Bolivar]

[Text] The statements by the president of the Chamber of Deputies, Dr Leonardo Ferrer, urging the need to define the candidacy of Dr Eduardo Fernandez, caused a veritable political earthquake in the COPEI [Social Christian Party]. This served to bear out the political analysis set forth by this reporter just 11 days ago, with the statement that the main opposition party has become an erupting volcano.

In fact, very early last Monday, Tinajero was heating up and the COPEI trembled. The highest-ranking leader of the Christian Democrats, Rafael Caldera, was very irritated because one of his leading supporters seemed to be demanding that he abandon his candidacy and to be leaning openly toward the secretary general.

Leonardo Ferrer sponsored the candidacy of Eduardo Fernandez as the interpreter of the feeling of the masses in the COPEI, who want their standard bearer to go forth into the streets boldly to wage a forthright campaign for the presidential seat in Miraflores. "El Negro" put his own high post on the line in an effort to clarify what continues to be the great unknown factor in the COPEI. He perhaps forced the issue so that the party will adopt the path which in his view is the proper one. The social Christians cannot continue to postpone the decision on the candidacy, for basic reasons.

The first is that it is an opposition party, which unlike a party in government, is not served by postponing this decision indefinitely. The COPEI is not in power, and its strategy must be different. The standard bearer, whether he be Caldera or Eduardo Fernandez, will have to wage a campaign in depth, with great effort and sacrifice. Fernandez would be a new candidate, while Caldera is a veteran of many battles. It must be clearly explained to the country why one or the other is better. The effort is necessarily a great one.

Fernandez is pursuing a cautious policy of waiting, since unlike Ferrer, he does not want to force the issue. But the popular proverb says that a long wait ends in despair. And if this is not true for Fernandez, who seems to

maintain his balance well, his followers despair. This complicates Caldera's strategy, since he did not at any time expect that the situation would become as troubled as that the INOS [National Institute of Sanitation Workers] is now offering the people of Caracas.

In politics, it is difficult to make long-term predictions, because of such sweeping advances as those seen now thanks to data processing. It is for this reason that the highest leader seems to have become entangled in his own strategy.

The statements by Ferrer irritated Caldera, and on the morning that Tinajero's temperature rose, the highest-ranking COPEI leader accused the national board of his party of failing to support his program. He said that the COPEI neither identifies with nor supports his suggestions with regard to reform of the state, amendment of the Labor Law, nor wage increases. It would seem that the COPEI is pursuing one path and its highest leader another. Caldera protests this, because he believes that some members of the COPEI have come to the conclusion that if they support him, they would then be working for him as an electoral choice. Caldera is saddened that there are those who think this way, because he has done his work without pettiness and the proof thereof is that Eduardo Fernandez is a leader, Ferrer is another, and Alvarez Paz yet another. And if it were not for the COPEI, Pedro Pablo Aguilar may well not have this political space, not to mention Luis Herrera.

Caldera is the last political boss and he wants this recognized. This is a human and legitimate aspiration. However, political observers believe that it is he who has muddied the waters in the COPEI, because he should long ago have surrendered the space for the development of a new generation. The members of this generation do not challenge his leadership, but they also have natural aspirations, which are also legitimate, and they are seeking to clarify the scene.

Luis Herrera Campins and Pedro Pablo Aguilar are observing this whole picture, the former because he has become certain that the "Caldera" movement does not exist." He predicted that the clash between these same sectors would be more violent than when they opposed him. And a political analyst with as much influence as the president has is right. Pedro Pablo Aguilar, for his part, knows about those who fish in troubled waters (another truism), but remain vigilant nonetheless. To the extent that the Caldera faction experiences conflict, his potential increases. Pedro Pueblo Aguilar emerged from the meetings during the most recent review session victorious. His thesis, which coincided with that of Caldera, calling for deepening the opposition line and postponing the choice of the candidate until 1987, won out. The Herrera Campins sector also triumphed when the national leadership bowed to the defense of its government administration.

The issue of its presidential candidate have caused the COPEI serious problems. To the extent that the decision is postponed, the undesirable aspects will be greater. The statement by Ferrer is but a warning bell.

What should be done with Ferrer? The ranks of the COPEI are asking this question on all levels. The most obvious step would be to remove him from the

presidency of the Chamber of Deputies. This seems the obvious thing, but it is also the punitive, because then nobody could disagree with the highest-ranking leader, and thus party democracy would not be practiced. In addition, his removal might cause a most serious clash between the Caldera and Fernandez factions, because if they were to strip him of his authority, Eduardo Fernandez would be placed in a very difficult position. His followers would find themselves at a crossroads offering paths from which they would not know how to choose.

The COPEI is an erupting volcano. Matters will not stop there. The path that the main opposition party will have to pursue is full of obstacles. One must hope that the fire which burns in Tinajero can be quenched and that the foundations of the COPEI will cease to tremble.

5157

CSO: 3348/339

VENEZUELA

AD, COPEI INTERNAL STRUGGLE DURING 1985 ANALYZED

Caracas EL DIARIO DE CARACAS in Spanish 27 Dec 85 p 16

[Article by Orlando Utrera: "The Party Machines Triumphed in 1985"]

[Text] The leading political party machines succeeded in frustrating and warding off all of the instances of internal disagreement which occurred in 1985. Their protagonists were Luis Herrera Campins, Luis Raul Matos Azocar, Oswaldo Alvarez Paz and Carlos Andres Perez, in their respective parties.

In January of 1985, the national committee of the COPEI [Social Christian Party] publicly admonished former president Luis Herrera Campins, who said in statements made to the press in 28 December 1984 that Caldera would have been just as much a loser, whoever headed the COPEI government.

On 9 January, following a lengthy session, the national committee decided by a majority vote to admonish former president Herrera, and to forbid him to speak further in public about internal COPEI affairs.

On the AD [Democratic Alliance] side, matters did not go very smoothly, since 1985 was the year for electing new officers, and from 1 January on, there was a general rumor to the effect that former minister and head of the CORDIPLAN [Office of Coordination and Planning], Luis Raul Matos Azocar, would resign.

On 9 January, Matos Azocar told the press that there was no justification for giving preferential dollars to everyone, and this statement exhausted the patience in Miraflores. However, by then Matos Azocar had the support of Penalver and the Union Bureau of the AD, although they later abandoned him along the way.

Nor were things calm in the party sector. The CTV [Confederation of Venezuelan Workers] announced its 9th Congress, with wage increases as the slogan, while former president Perez announced his adherence to the internal process in press statements published on 5 January. And Antonio Rios, the national trade union secretary, noted that "the primaries will cause deep wounds in the AD."

Within this context, Matos Azocar went to the congress on 18 January to defend the 7th National Plan, and that same day, he resigned his CORDIPLAN post.

This act was described by Gonzalo Barrios, the president of the AD, as "a reflection of his personality."

Perez went to Tachira on an outing at the end of January, and relations between the government and the CTV deteriorated to the point that President Lusinchi stated that "they have not given me a deadline, nor do I agree to any," but on the 30th of that month, a meeting was held with the CTV and the pressures began to decline. By then Matos Azocar was out of the game.

Effect of Pope's Visit

In February, Pope John Paul II visited Venezuela, and the political sector retreated following the shocks of January. However, the internal process continued in the COPEI as a result of the warrant issued for the arrest of the former governor of Caracas, Rodolfo Jose Cardenas.

On 10 April, Oswaldo Alvarez Paz resigned as head of the operational bodies of the COPEI to launch a moral crusade, asking Secretary General Fernandez to issue a statement on the Cardenas case.

The battle between Alvarez Paz and Fernandez lasted until March, and on the 26th of that month, the national committee decided to admonish Oswaldo Alvarez Paz because of his public statement on the Cardenas case, as well as other value judgments concerning the misuse of the party machinery within the COPEI.

The confrontation led to the estrangement of Fernandez and Alvarez Paz, who waged a harsh battle during 1985, to the point that Fernandez was unable to launch his proposed candidacy, although he used the party machinery to prevent any losses in the COPEI.

Luis Herrera returned to his "shadow cabinets," and Pedro Pablo Aguilar urged the need to adopt an opposition role different from that being played by the national commission, and he sent a number of documents to Miraflores, with little effect on the comfortable position of the government in the public opinion polls.

The CTV held its 9th Congress at the end of May, in which month the workers union organization began to circulate its wage increase petition. The struggle was such that one Jose Delpino irritated the government, and he did not attend the La Guzmania meeting at which the initial document was amended.

Delpino's revenge came during the ceremony to install the congress in the Rios Reyna Hall at the Teresa Carreno Cultural Complex. At that ceremony he challenged President Lusinchi publicly to explain to the assembly members why the government had recognized the debt of the private sector but not the workers' petition.

President Lusinchi's response was energetic. He stated that he would accept no lectures from anyone, and he set forth for the assembly member the economic situation of the country and the difficulties being dealt with.

The clash between Lusinchi and Delpino was regarded as a result of the work done by Matos Azocar in the CTV advisory board, but by the end of the year, and after the results of the national convention of the AD were known and the wage increase announced, it could be said that the problem had temporarily been resolved.

The AD Elections

Things were calm in the COPEI by the middle of the year, and it had begun to play a more profound opposition role as a result of a document stating that the government, in order to renegotiate the debt, had accepted the conditions postulated by the IMF.

The AD had forgotten the COPEI, to the point that few of the leaders responded to the opposition attacks, and everything was focused on the internal process, wherein an alliance between Lusinchi and Penalver developed, to oppose former President Carlos Andres Perez.

Within this context, the party machinery began a campaign against the dissidents, to the point that former minister Matos Azocar was admonished in September, but the intention was to exclude him from party membership. The supporters of former President Perez offered a compromise to Matos Azocar in a CEN [National Executive Committee] meeting, to avoid a greater penalty, solely because, as stated publicly, it was believed that "the revolution of the best elements has been replaced by that of the flatterers."

The electoral commission was elected in September, and headed by Alfaro Ucero, it moved the process ahead, following a lengthy debate on statutory reform, and the process reached its culmination in December with the political event which was most important, according to observers--the internal defeat of former president Perez.

It is easy to see that 1985 was for the AD a difficult year, but perhaps a definitive one, since it was able, using a sharp scalpel, to remove from within it a faction which 10 years ago would have caused a split in this political organization.

To summarize, the party machines dealt with the dissidents successfully in 1985, but the disputes continue to lie latent, since the question of the candidacy for 1988, the main underlying cause of all of these internal disputes, has not been resolved either in the AD or in the COPEI.

5157

CSO: 3348/339

VENEZUELA

URBAN DEVELOPMENT MINISTER ON IMPACT OF TRIENNIAL PLAN

Caracas FL UNIVERSAL in Spanish 20 Dec 85 p 2-2

[Article by Fanny Perez V.]

[Text] Urban Development Minister Rafael Martin Guedez informed President Jaime Lusinchi of his serious objections to the way the resources of the Triennial Investment Plan funds were distributed, as he feels that they will have no real impact on the economic recovery.

Profoundly concerned about the distribution of the 38 billion bolivares over the next 3 years, the head of the Urban Development Ministry (MINDUR) sent a letter to the chief executive presenting serious proposals for the distribution of resources to achieve the government's objectives.

The first thing Minister Martin Guedez points out in his missive is that the distribution of funds in the Triennial Plan and the amount of those funds "will not have the desired impact of spurring economic growth."

These statements were made by Martin Guedez with regard to the proposals outlined in the budget bill for fiscal 1986. That bill states that for next year, "a primary objective of economic policy is to achieve a growth rate of no less than 3 percent a year in domestic activities."

"I believe that the decision to increase public spending is not enough," observes the minister in his letter, "and that it is imperative that we fully identify the channels through which spending will take place to ensure that it has a multiplier effect and stimulates aggregate demand in the context of a medium-term policy," the minister goes on to say.

Highway Investment Hinders Success

In his critical observations, the urban development minister states his views on the inherent advantages of the construction industry as the correct instrument for invigorating and multiplying income, since it is more propitious than other types of investment.

Another criticism of the Triennial Investment Plan stated by the head of MINDUR is that it ignores the creation of a social infrastructure such as

hospitals, schools, and housing, to give priority to other investments aimed at shoring up the country's physical infrastructure.

The latter type of investment in highways and water works is by nature capital intensive, employs fewer people, and conceals a "very high profit margin that ranges between 32 and 42 percent, with a limited guarantee of reinvestment."

He also points out that investment in highways and water works accounts for 50 percent of the plan, and these items will limit the successful achievement of the desired goals.

Martin Guedez also indicates that one of the most important omissions of the Triennial Plan is the absence of funding for the social infrastructure. This oversight is even worse if one considers that in the 1986 budget credit has been slashed to 300 million bolivares, "which implies that new projects cannot be launched, the execution of those already underway will be prolonged, and no provisions are made for unexpected developments," he observes in the letter.

Housing Investment Insufficient

With regard to the budget allocation of 5 billion bolivares for housing construction, the minister states that it is insufficient. He goes on to say that it should be the subject of a careful analysis, because the spending will be carried out through the state governments, and it is well known how slowly these entities implement spending in comparison with the institutes of the central administration.

Redistribution of Investment Plan

In addition to these observations, the minister of urban development calls for funding to be distributed in accordance with the stated objectives contained in the government's position statements.

Finally, he includes a chart showing the most appropriate allocation of resources for the administration to follow in the Triennial Investment Plan to achieve the reactivation goals. Proposal No. 1 is the plan approved by the Council of Ministers, and Proposal No. 2 is that presented by the minister of urban development. It can be noted that he suggests an increase in spending for the housing sector from 5 billion to 10.5 billion bolivares, 110 percent higher than the original proposal.

The reduction of funding for highways and water resources would total about 4.75 billion and 2.2 billion bolivares, respectively. He calls for an increase of 250 million bolivares for project maintenance in the Triennial Plan, as well as a boost of 700 million bolivares for tourism, more spending for equipment, and a cut of 1.5 billion bolivares for agricultural infrastructure construction.

The chart in which the minister of urban development presents his proposal to modify the distribution of resources in the Triennial Investment Plan appears below:

Comparison of Triennial Plan Proposals

| Sector | Proposal 1 | | Proposal 2 | | Difference | |
|------------------|----------------------|----|------------|----|------------|-------------|
| | Council of Ministers | | MINDUR | | | |
| | Amount | % | Amount | % | Amount | % |
| Housing | 5.000 | 14 | 10.500 | 30 | +5.500 | +110 |
| Water Resources | 5.000 | 14 | 2.800 | 8 | -2.200 | -44 |
| Highways | 10.000 | 29 | 5.250 | 15 | -4.750 | -47.5 |
| Maintenance | 5.000 | 14 | 5.250 | 15 | +250 | +5 |
| Agric. Infrastr. | 5.000 | 14 | 3.500 | 10 | -1.500 | -30 |
| Tourism | -- | -- | 700 | 2 | +700 | New invest. |
| Equipment | -- | -- | 7.000 | 20 | +7.000 | New invest. |
| Transfers | 5.000 | 14 | -- | -- | -5.000 | -100 |

8926

CSO: 3348/338

VENEZUELA

FEDECAMARAS PRESIDENT EVALUATES 1985 ECONOMIC PERFORMANCE

Caracas EL NACIONAL in Spanish 20 Dec 85 p D-6

[Article by Rosita Regalado]

[Text] The year that is drawing to a close contained major accomplishments on the part of the government and labor and management. If these achievements are managed constructively, they could finally turn the country in the direction of economic growth in the coming years. There are some areas where there are signs of limited or no improvement, however, and it is necessary to activate these factors in order to raise the standard of living in Venezuela.

This was stated by Rafael Marcial Garmendia, president of the Venezuelan Federation of Associations and Chambers of Commerce and Industry (FEDECAMARAS), during a meeting with the economic editors of the various mass media on the occasion of the New Year celebrations. He regarded his remarks not as a report, but as a preliminary assessment of economic developments in 1985 and the prospects for private business activity in the country.

Year's Highlights

"To begin with, we would like to point to the surplus of more than 5 billion bolivares, which is evidence of a sincere desire to rationalize public spending. This must be carried out as the productive apparatus is stimulated, and moreover, there is a willingness to halt the process if that does not appear to be happening.

"The reduction in the overall deficit of state enterprises must also be noted, as well as the moderate rise in inflation (10 percent, according to the Central Bank), which undoubtedly will help boost confidence in the future of our economy.

"One vitally important factor has been the conscientious avoidance of general wage and salary raises on the part of responsible sectors of the country. If such raises are implemented, short-term damages will be sustained by those who are supposed to benefit, because the upshot will be inflation and unemployment."

Wise Policies

"As for monetary policy, the Central Bank of Venezuela (BCV) successfully reduced the money supply growth from 26.43 percent in 1980 to 2.80 percent this year. The money supply should be directly linked to the amount of production in the economy. The moderate increase in liquidity (5 percent, according to the BCV) is absolutely correct, then. In this regard, equilibrium is important so that the economy can advance properly while inflation is kept under control."

Concerning the stability of the country's foreign accounts, the pact to refinance the nation's foreign debt is especially noteworthy and of interest to everyone.

Marcial Garmendia pointed out that the surplus in the balance of payments is one factor that should definitely stimulate confidence among national and foreign investors. He noted that the current account surplus totals \$6 billion.

"Clearly, monetary authorities have managed the preferential exchange rates, as well as the development of the parallel market, in accordance with the current limitations, without sacrificing the supply of foreign goods and services, etc. There has been continuity in the policy of gradually adjusting the external sector, which has been propitious for a manageable equilibrium. This situation is expected to remain the same under the new exchange rate of 7.50 bolivares to the dollar."

Still Signs of Little or No Improvement

"We must strike a balance in this detailed evaluation, however, so we should emphasize those economic aspects that show signs of little or no improvement. It is essential that these factors be activated to raise the standard of living of all Venezuelans.

"We must begin by mentioning unemployment, a direct effect of stagnation in the levels of production in various sectors--especially in the construction industry. There has been a marked decline in private sector investments in these sectors. Unemployment in Venezuela, with the increasingly heavy influence of the so-called underground economy, ranges between 11 and 15 percent. Efforts to lower these figures have not yielded the expected results, although it should be noted that the private sector has been able to incorporate an estimated 200,000 people into the labor market each year. We should also point out that the low skill level of much of the labor pool plays an important role in the high unemployment we are suffering.

"There is no convincing evidence of any desire to get to the heart of the structural and conceptual reality on which the Venezuelan Government's efforts are based.

"With regard to the nontraditional exports policy, the fact that Congress, the government, and the productive sector itself have finally become aware of this

problem should lead very soon to the elimination of the bureaucratic stumbling blocks that have been impeding the processing and shipment of these exports.

"Finally, it is necessary to note that the issuance of bonds to pay off the national public debt by decree under the Financing Law is potentially inflationary, and should be managed with great caution. The Triennial Plan should be viewed with equal caution; on the other hand, it should not be condemned or subjected to the administrative obstacles that prevented the 1985 Investment Plan from being implemented."

Prospects for 1986

"Although the outlook for the international petroleum market is gloomy and uncertain, we believe that even with a very pessimistic scenario of the price of a barrel of oil falling to an average of \$20 to \$22, the improvements in our economy can still be brought about as long as the reactivation alternatives are managed effectively (especially in the depressed construction sector).

"The decline in oil income could, ironically, favor the nation if the right policies and practices are implemented immediately--as was done in agriculture with positive and also immediate results--in the aforementioned fields, such as industry, construction, tourism, and nontraditional exports. Moreover, red tape must be cut, the enterprises in state hands must be effectively turned over to the private sector, along with unproductive and inefficient services, a system of concessions to the private sector must be implemented for certain public works, and austerity must be made a reality.

"Numerous aspects, such as those related to the public and private foreign debt, the moderate levels of inflation that have been achieved, the budget balance, and harmonious government-labor-management relations, bode well for 1986. They point to the beginning of real economic recovery, as long as stagnation in other areas (some already mentioned) is eliminated, social peace is maintained, no new crises emerge in the private or public financial sector, construction is reactivated, and finally, the propensity to invest is restored. The latter is certainly the most intangible but indispensable factor in any economic recovery and progress."

8926

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VENEZUELA

AD CONVENTION RATIFIES MOST CEN MEMBERS

Caracas EL NACIONAL in Spanish 21 Dec 85 p D-1

[Article by Jesus Eduardo Brando]

[Text] Gonzalo Barrios was confirmed last night as president of the Democratic Action. Similarly, the majority of the leaders of the government party were reelected as well. The balloting as of 8 pm last night revealed the election of the following:

Reinaldo Leandro Mora as first vice president, Juan Herrera as second vice president, Manuel Penalver as secretary general, Luis Alfaro Ucero as organization secretary, Luis Emilio Rondon as national youth secretary, Carlos Lee Guerra as secretary for education and culture, Homero Parra as secretary for professional and technical personnel, Lewis Perez for municipal affairs, Ixora Rojas as women's secretary, Gabriel Pena Nava as agrarian secretary, and Antonio Rios as national trade union secretary.

Political Secretaries

Carlos Canache Mata, Ruben Carpio Castillo, Humberto Celli, Alberto Finol, Luis Guevara, Isabel Hernandez, Alejandro Izaguirre, Hector Alonso Lopez, David Morales Bello, Sotero Rodriguez and Pedro Tabata Guzman were elected as political secretaries.

The election of four new political secretaries from a long list of candidates is still awaited. Those likely to be elected are Pedro Paris Montesinos, Jose Angel Ciliberto, Armando Sanchez Bueno, Luis Raul Matos Azocar and Cristobal Hernandez.

New CEN Members

The new members of the National Executive Committee (CEN) are Luis Emilio Rondon, Carlos Lee Guerra, Ixora Rojas, Gabriel Pena Nava, Ruben Carpio Castillo, Alberto Finol, Luis Guevara, Isabel Hernandez, Sotero Rodriguez and Pedro Tabata Guzman.

5157

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VENEZUELA

6 PERCENT INCREASE IN AGRICULTURAL SECTOR REPORTED

Caracas FI. UNIVERSAL in Spanish 17 Dec 85 p 2-2

[Article by Fanny Perez V.]

[Text] According to the report released yesterday by the government listing the accomplishments of 1985, Agriculture and Livestock Minister Felipe Gomez Alvarez is very convinced of the positive results in his sector, with a growth rate of 6 percent in agriculture.

This 6 percent figure for 1985 means, according to official statistics, that total production in the various agricultural sectors generated 15.658 billion bolivares throughout the year.

The minister called reporters to his office to discuss the government's results in agriculture, and to rattle off a whole series of figures, backed up with countless statistical tables on production growth. He proudly showed journalists one of the greeting cards President Lusinchí sent for Christmas 1985.

Referring to the specific achievements of this year, the minister compared the figures with those of previous years.

With regard to the agricultural growth rate, between 1978 and 1980 it was 3.8 percent. In 1981 it dropped to 2.1 percent, while the most difficult year was the 1982-1983 harvest, when the growth rate was a dismal -0.9 percent.

The fundamental accomplishment of this government, according to the agriculture minister, is that it brought the growth rate up from -0.9 percent in 1983 to 3.3 percent in 1984 and 6 percent in 1985.

"What are the government's estimates for yields in the agriculture sector for next year?" we asked the minister.

"Growth is projected at about 6 percent," answered Gomez Alvarez.

The minister denied what some opposition leaders have asserted, to the effect that these achievements in the agricultural sector are due to savings by farmers and to their own efforts. He answered, "With what savings, if the

volumes of production were extremely low and agricultural prices were at rock bottom?"

He added that the financing the government has given farmers totaled more than 4 billion bolivares in 1985. A population of 20,500 farmers has received this financial support through public and private banks.

Grain Production: 1.78 Million Tons

After explaining the positive results in the sector, the agriculture and livestock minister began discussing each of the agricultural subsectors one by one. He started with the grain harvest, which he estimated will total 1.78 million tons as of 31 December 1985.

This grain total includes corn, rice and sorghum, which amounted to 1.3 million tons in 1983. "The recovery began in 1984," stated Gomez Alvarez, and finally surpassed 1.78 million tons in 1985.

Specifically referring to the corn harvest, he said that in 1984, 550,000 tons was harvested, while the 1985 harvest is calculated at 850,000 tons.

He also noted that rice production had shrunken year after year beginning in 1980, but rose to 450,000 tons in 1985. The growth in this subsector is expected to be positive again in 1986, continuing the trend of previous years.

Sorghum production has traditionally fallen short of the country's needs, never managing to supply the demand. This product is used to make concentrated animal feeds, so it bears a close relation to pork and poultry production.

The country needs 1.6 million tons of sorghum, although national production has remained static. The one exception was the peak of 416,000 tons produced in 1982.

"In 1984, sorghum production rose to 460,000 tons, and in 1985 it rose again to 490,000 tons," said the minister, who is responsible for the present agricultural policy.

He added that sorghum production will be stimulated in 1986 in order to boost yields in this subsector, since 3/4 of what the country uses is still imported. While demand totals 1.6 million tons, the harvest averages 400,000 tons. In other words, we are still dependent on foreign sources for 1.2 million tons of sorghum.

Milk Production

According to the tables supplied by the minister at his press conference, milk production has been growing steadily since 1978. Production totaled 1.2 million liters in 1978, and 1.4 million liters in 1984.

The minister indicated that production had surged 4 percent in 1985. According to the tables, milk production remained static at an average of just over 1.4 million liters in 1983 and 1984.

Cotton, Coffee and Sugar

Felipe Gomez Alvarez also cited the upsurge in the production of other subsectors, such as cotton, coffee and sugarcane.

Cotton production dropped sharply between 1976 and 1982, with an average of just over 15,000 tons in the latter year, and then began picking up gradually in 1983 with a harvest of 33,000 tons. "We estimate that production will total 70,000 tons for 1985," he stated.

Permanent coffee cultivation also experienced an uptick, according to the figures provided by the agriculture minister. "We stimulated productivity and subsidized the prices of fertilizers," he noted, "and for this reason the farmer is no longer overwhelmed with debts."

He stated that sugarcane production had jumped from 4.8 million tons in 1982-1983 to 5.8 million tons in 1984-1985.

"We project a record production of 7 million tons for the 1985-1986 harvest," claimed the minister, "taking as a reference some figures provided by the Distribuidora Venezolana de Azucares company."

It is estimated that 15 percent of sugar consumption will be met by foreign sources in 1986, compared to a 40 percent foreign dependence in 1984.

Triennial Plan to Create 50,000 New Jobs

With regard to the investments planned by the administration through the Triennial Investment Plan, it is estimated that 12 billion bolivares will be channeled in this way over the next 3 years.

It is expected that this infusion of funds will bring 200,000 more hectares into cultivation in the country. "If an average of 2.5 jobs are created for every hectare under cultivation, we will have an average of 50,000 new jobs in the agricultural sector," calculated Gomez Alvarez.

The total area of cultivated land in 1985 was 1.7 million hectares, and the goal is to expand that to 2 million hectares in 1986.

Finally, the minister indicated that these achievements should not be wasted, and that industry, which has traditionally been a net importer, must adapt to consume what is produced here, abandoning the easy way out of importing agricultural goods with preferential dollars.

At this point, as the minister's conversational tone was changing to that of a speech at a rally, he was asked how much kidney bean production will total in 1986, to which he responded:

"Oh, don't rain on my parade!" smilingly, obviously avoiding the question about national production figures for this product, which is traditionally consumed by the low-income sectors.

Value of Production at 1978 Prices

| Year | Billions of Bolivares |
|------|--------------------------|
| 1978 | 12.691 |
| 1979 | 13.172 |
| 1980 | 13.624 |
| 1981 | 13.907 |
| 1982 | 14.475 |
| 1983 | 14.311 |
| 1984 | 14.777 |
| 1985 | 15.658 |

Source: General Sectoral Division of the Agricultural Sector Office of Planning, Office of Statistics and Data Processing

Year-to-Year Growth Rates

| Year | Percent |
|------------|---------|
| 1978-1979 | 3.8 |
| 1979-1980 | 3.4 |
| 1980-1981 | 2.1 |
| 1981-1982 | 3.7 |
| 1982-1983 | (0.9) |
| 1983-1984 | 3.3 |
| 1984-1985* | 6.0 |

*Estimate

8926

CSO: 3348/338

END